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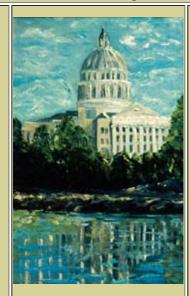
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Missouri Office of Administration

FY 2001 EXECUTIVE BUDGET

Governor's Letter of Budget Transmittal

January 19, 2000

TO THE GENERAL ASSEMBLY AND THE PEOPLE OF MISSOURI:

Missouri has been transformed since 1993.

Our economy has consistently outperformed the nation. Over 365,000 jobs have been created and unemployment in Missouri has reached a historic low of 2.3 percent compared to a national average of 3.8 percent. The median family income in Missouri is up 11 percent in real terms over 1993, 5 percent better than the national average.

In 1993 our school finance system was broken and declared unconstitutional. Court-ordered desegregation spending was skyrocketing out of control. Today we will fully fund the new formula for the fifth year in a row. We dramatically expanded and improved early childhood opportunities, reduced the dropout rate, brought computers and the Internet to every school district in the state, prepared more students for college, and opened access to college through the A+ Schools program and additional student financial aid. Court supervision of our urban schools has ended. Kansas City desegregation spending is over and we have charted a course to end St. Louis desegregation spending. Schools across Missouri are benefiting from nearly a billion dollars in cumulative savings.

We led the nation in our efforts to reform welfare. We made work pay and invested in workforce development. We cut welfare rolls in half and moved over 130,000 people off welfare. No state did better than Missouri in reducing poverty.

Our comprehensive crime-fighting package of tougher laws, more resources for the criminal justice system, and providing the prison space needed to lock up violent and dangerous criminals resulted in a dramatic reduction in crime.

And we accomplished these results while maintaining our status as a low tax state and one of the top managed states in the nation. We lowered the tax burden on the average Missouri family by \$341 per year.

We have shown that through targeted investments state government can be both a catalyst and a partner in changing our state for the better. The challenge for us now is to continue to improve where we have succeeded while taking on new and tougher problems. My Fiscal Year 2001 budget targets new and redirected resources to improve education, bolster the family farm, fight crime and drugs, protect children, care for the elderly, and help our most vulnerable citizens.

The Missouri Budget for Fiscal Year 2001 is the last of the 20th century and the first of the 21st century. Please join me in opening the door to a new century and an even better Missouri.

Very truly yours,

Mel Carnahan

FY 2001 EXECUTIVE BUDGET

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Missouri Office of Administration

Email us.

FY 2001 EXECUTIVE BUDGET

THE MISSOURI BUDGET

FY 2001 BUDGET SUMMARY

THE FISCAL YEAR 2001 BUDGET

The Fiscal Year 2001 budget presents a new challenge for Missouri. Missouri's robust economy over the recent past has enabled investment in targeted high priority programs and the opportunity to provide citizens with significant, meaningful tax relief. The Fiscal Year 2001 is tight due to the combination of substantial increases in mandatory costs and the impact of tax cuts enacted in past sessions.

The state faces large increases in the cost of mandatory programs in Fiscal Year 2001. Health care costs in the Medicaid program and for state employees are rising dramatically. The largest increases are occurring in the pharmacy programs as the cost of drugs and their use escalates. These costs must be met to ensure continuation of services to Medicaid recipients, including the elderly and disabled.

The tax cuts from the past three legislative sessions cut \$800 million from the revenues that otherwise would have been received in Fiscal Year 2001. The tax cuts passed in the 1999 session reduced general revenue below the level of Fiscal Year 2000 appropriations. The first \$50.6 million in revenue growth for Fiscal Year 2001 must be used to meet the Fiscal Year 2000 budget level. Therefore, although net general revenue collections are expected to grow by 5.7 percent over the Fiscal Year 2000 revised estimate, the growth available for new spending is only 4.8 percent.

To balance the budget and provide for a modest level of discretionary budget increases the core budgets were again thoroughly reviewed. In Fiscal Year 2001 this review identified \$167.2 million in general revenue core budget reductions and redirections. In the eight years of his administration, Governor Carnahan has recommended general revenue core cuts or redirections totaling \$815.5 million.

The Fiscal Year 2001 budget balances resources and obligations based on the consensus revenue and refund estimate. The opening balance results largely from lower than anticipated spending in Fiscal Year 1999 and Fiscal Year 2000. These one-time funds are directed toward construction and renovation of higher education and other state facilities and other critical one-time expenditures for state programs.

Fiscal Year 2001 base operating appropriations after core cuts are \$5,748.9 million. New operating budget appropriations of \$518 million are recommended. This brings the total general revenue operating budget, exclusive of court-ordered desegregation spending, tax refunds, and revenues dedicated to Outstanding Schools to \$6,266.9 million.

The \$518 million increase in operating funding provides:

- \$478.1 million to continue high priority existing programs, respond to the expected growth in prison inmate population, implement new legislation, provide for a compensation plan, and provide for increasing Medicaid caseloads and escalating costs.
- \$39.9 million for enhancement funding in education, economic development, mental health, and other high-return investments.

The Fiscal Year 2001 cost for the desegregation settlement is \$50 million.

A total of \$45 million has also been set aside for supplemental appropriations and increases in estimated appropriations and \$7.6 million for fund transfers and other adjustments.

OPENING THE DOORS TO A NEW CENTURY

Governor Carnahan continues to keep government focused on results that benefit Missouri citizens. He has worked vigorously to move Missouri forward in many areas to ensure that the state is ready to meet the challenges and opportunities coming in the new century. The Governor's vision, "Show Me Results", reflects outcomes the state is striving to achieve because they most benefit Missourians. He has directed state departments to focus their planning and budget efforts on these priority areas. As a result of these efforts, Missouri is prepared to open the doors to a new century and build on the improvements in our schools, our economy, and in our lives.

The 25 Show Me Results established by the Governor are divided into five areas.

- Responsible Government
- · Educated Missourians
- Prosperous Missourians
- · Healthy Missourians
- · Safe Missourians

The remaining parts of this chapter provide an explanation of Governor Carnahan's budget recommendations organized in those five areas. In addition, the chapter contains information on the economy, desegregation, the compensation plan for state employees, the capital budget, the state's revenue and spending limit, and long-term projections for strategic planning and budgeting.

RESPONSIBLE GOVERNMENT

SHOW ME RESULTS

Governor Carnahan has identified four Show Me Results related to Responsible Government.

- Decreased ratio of state government operating expenditures to Missouri Personal Income.
- Improved protection of the public's investment in state-owned capital assets (roads, bridges and buildings).
- · Increased representation of minorities and women in upper level salary ranges in state government and in state purchasing.
- Improved protection of Missouri's land and water resources.

BUDGET RECOMMENDATIONS

Governor Carnahan's Fiscal Year 2001 budget will strengthen Missouri's financial management. Adhering to the following principles will ensure the state's continued success.

- 1. <u>Establish realistic consensus revenue and consensus lapse estimates</u>. This ensures that the Governor and General Assembly discuss policy goals rather than the amount of revenue available.
- 2. Make sound long-range decisions that prepare the state to deal with future uncertainties. It is essential that decisions made today not burden future budgets. Indeed, the soundest budget strategy is to make decisions today that improve the outlook for the state's future. Federal fiscal policy deliberations have been the largest contributor to uncertainty in the state's budget over the past several years. Although a multi-year federal budget agreement was reached in 1998, it is obvious from the divisive budget debate in the nation's capital in 1999 that further changes in federal fiscal policy affecting the state are possible. In addition, the recent period of economic growth is long by historical standards. Economic growth is expected to slow during the coming year.
- 3. Review state spending and cut or redirect unnecessary expenditures. In Fiscal Year 2001 \$167.2 million in general revenue core budget reductions and redirections have been identified through a comprehensive review of state spending. In eight years of his administration, Governor Carnahan has recommended general revenue core cuts or redirections totaling \$815.5 million. In addition, \$294.4 million in desegregation funding has been redirected to local schools.
- 4. <u>Spend one-time resources on one-time expenditures to prevent structural budget problems</u>. Due to conservative budgeting, strong financial management, and a sound economy, the state will end Fiscal Year 2000 with a modest fund balance. The Governor recommends that these funds be targeted to one-time expenditures, such as construction and renovation of higher education and other state facilities and other critical one-time expenditures for state programs, rather than be committed to ongoing programs that would not be affordable in the long-term.
- 5. <u>Invest in high priority budget initiatives</u>. The budget contains major new investments directed to improve education, reduce crime, help children and families, and enhance our already healthy climate for economic growth.

EDUCATED MISSOURIANS

SHOW ME RESULTS

Governor Carnahan has identified four Show Me Results related to Educated Missourians.

- Increased percentage of children entering school ready to learn.
- · Increased percentage of students who achieve targeted skill levels at various points before graduation.
- Increased percentage of 18-year-olds with a high school diploma or GED.
- Increased percentage of individuals ages 25 to 65 that have completed 14 years of education.



BUDGET RECOMMENDATIONS

Governor Carnahan's Fiscal Year 2001 budget will continue to promote Educated Missourians. His proposals are targeted to support schools, improve student achievement, increase graduation rates, prepare children to enter school ready to learn, and provide a post-secondary and higher education system that yields an educated and productive workforce.

Better Schools

Governor Carnahan's Fiscal Year 2001 education budget includes:

- \$174.1 million increase (9.7 percent) in the School Foundation Program to fully fund the more equitable foundation formula and at-risk program created by the Outstanding Schools Act (1993).
- \$16.5 million for full funding of the estimated cost of Transportation, an 11.3 percent increase.
- \$5.0 million for Special Education, bringing total funding to \$149.6 million. In addition to this increase in state aid for Special Education, federal funding available to local schools is expected to increase by \$13.5 million.
- \$1.5 million for full funding of the estimated cost of the Gifted Program, bringing total funding to \$24.7 million.
- \$1.8 million for fully funding salary supplements for teachers through the Career Ladder Program, bringing total funding to \$39.4 million.
- \$1.0 million for Read to be Ready competitive grants with a focus on reading assessment and early grade intervention strategies as

authorized by HB 889 (1999). In addition to this state aid, an estimated \$15 million in new federal Title II funding is anticipated to provide competitive grants to local schools to improve reading programs for children pre-kindergarten to third grade.

\$2.7 million for the A+ Schools Program.

The Fiscal Year 2001 budget brings the total increase for the school foundation formula since Fiscal Year 1993 to \$1,084.5 million (123.4 percent). Governor Carnahan's Fiscal Year 2001 budget includes over \$3.3 billion in direct state aid to local public schools, a \$255.8 million increase.

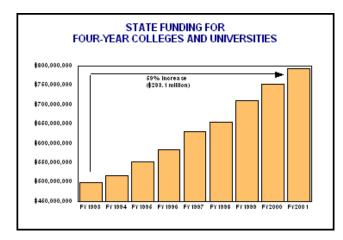
Early Childhood

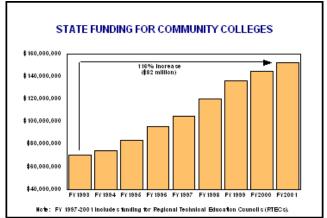
Research has shown learning begins at birth and that early learning experiences have a decisive influence on brain development. Some of the most important lifelong learning occurs before formal education even begins. Children who are not provided the opportunity for quality learning experiences may not develop crucial skills, which may significantly affect their ability to learn later in life. Focusing on early childhood care and education is critical as more than one-half of mothers return to work within one year of their baby's birth. The evidence makes a compelling case that the best return on our investment is in the growth and development of Missouri's young children. The Governor's Fiscal Year 2001 budget builds on the success of recent years through continued implementation of HB 1519 (1998) and other initiatives to improve early childhood care and education. Combined, these proposals will provide \$20.4 million to increase access to child care, improve the quality of child care, expand early development outreach and increase intervention services for special needs children.



Higher Education

Missouri's colleges and universities are critical to preparing Missourians for life in the 21st century. Higher education continues to face new challenges as the economy moves to the information age. This global transformation will require more differentiated educational missions and more high-skill, high-wage training. Higher education institutions will have to provide continuous learning opportunities for Missourians. Governor Carnahan's Fiscal Year 2001 budget provides continued investments for Missouri's colleges and universities to prepare students for success in the 21st century.





The Fiscal Year 2001 budget includes an increase of \$57.3 million, or six percent over Fiscal Year 2000 ongoing appropriations, in support for students and our colleges and universities. The Fiscal Year 2001 budget totals \$1.2 billion, including funds to address results-oriented accountability, vocational/technical initiatives, scholarships, and increasing support of college and university operations.

Governor Carnahan has identified eight Show Me Results related to Prosperous Missourians.

- Increased number of jobs paying greater than \$10/hour.
- · Increased number of dollars of new investment in Missouri firms and farms.
- · Increased productivity of Missouri firms and farms.
- · Decreased percentage of Missourians obtaining public income support.
- Increased percentage of Missourians with health insurance.
- Increased access to high quality childcare for working families.
- Increased percentage of Missourians with incomes above 100% of the poverty level.
- Decreased number of communities with a high concentration of poverty.

BUDGET RECOMMENDATIONS

Governor Carnahan's Fiscal Year 2001 budget will continue to strive for Prosperous Missourians. His budget recommendations are targeted to improving the rural economy and workforce preparation for Missourians.

Creating a Sustainable Future for Agriculture

Governor Carnahan and the General Assembly responded to the farm crisis in 1999 by passing several pieces of landmark agricultural legislation. HB 888 will help revitalize the rural economy by creating a tax credit program and grants for feasibility studies to encourage the formation of "new generation" cooperatives. HB 310 expands the number and amount of projects that can be awarded through the successful Sustainable Agriculture Grant Program. As the agricultural crisis continues, however more needs to be done to ensure the survival of the family farm in Missouri. To implement these legislative initiatives and boost the agricultural economy, the Governor recommends:

- \$6.1 million for improvements at Missouri's ports to provide effective water transportation to markets for agricultural and other goods.
- \$405.000 for an agriculture innovation center to encourage new value-added products and uses for Missouri's agriculture.
- \$243,287 for three staff to implement HB 888 (1999).
- \$242,500 to expand the Department of Economic Development's Rural Economic Assistance Program to help rural communities develop a blueprint for long-term community and economic development.
- \$200,000 to support development of the "Kansas City Smart Port" processing center and save Midwest shippers as much as 20 percent according to officials at the United States Department of Treasury.
- \$183,315 for three staff to implement a state meat inspection program.
- \$125,000 to continue the development of a statewide, multi-species, electronic animal identification and health care tracking system that is vital to sustaining exports of Missouri's livestock and poultry.
- \$99,040 to implement the sustainable agriculture demonstration grant provisions of SB 310 (1999).
- \$90,228 for two staff to implement the price reporting provisions of SB 310 (1999).

Economic Development and Workforce Development

Missouri's economy and its citizens continue to prosper. Our highly diversified economy, high-quality workforce, strong commitment to education and training, and a combined state and local tax burden that is among the lowest in the nation are just a few of the reasons Missouri's economy is expanding. Governor Carnahan is committed to intensifying the state's efforts to prepare our economy and workforce for the challenges of the 21st century.



The Governor is proposing a major workforce development initiative with \$28.4 million for the items highlighted in the chart above.

SAFE MISSOURIANS

SHOW ME RESULTS

Governor Carnahan has identified four Show Me Results related to Safe Missourians.

- · Decreased rates of crimes against persons.
- · Decreased rates of crimes against property.
- · Decreased incidence of family violence.
- Decreased rate of alcohol- and drug-related injuries and deaths.

BUDGET RECOMMENDATIONS

Governor Carnahan's Fiscal Year 2001 budget will continue to promote Safe Missourians through efforts to protect our citizens from the plague of crime. The budget is targeted to improving state and local efforts to fight crime and incarcerating criminals.

Fighting Crime

Governor Carnahan is committed to ensuring the state meets its fundamental obligation to protect our citizens from the crime, and particularly violent crime, that plagues our state and nation. As a result of his energetic efforts, Missouri law now requires dangerous criminals to serve no less than 85 percent of their sentences behind bars. The Governor's budgets have responded to the public's demand for protection by funding construction of 14,188 new prison beds. The success of his efforts is shown in the statewide reduction of crime. Incarcerating violent criminals for longer periods has proven to reduce crime and increase public safety.

Judges and prosecutors throughout the state are also responding to our citizens' call for tough action against criminals. Over the last five calendar years, Missouri's inmate population has grown by 10,556 inmates or 4.49 inmates per day, an increase of 212 percent over the historic rate of 1.44 inmates per day. During calendar year 1999, the population grew at a rate of three inmates per day, an increase of 108 percent over the historic rate.

Corrections Operating Budget

The Governor's recommendations include funding to improve security and meet the demands of inmate population growth. For the fifth consecutive year, no supplemental appropriation is required to operate the Department of Corrections.

- \$12.9 million to operate the new prison at Licking.
- \$3,500,000 for start-up expenses for new prisons at Bonne Terre and Charleston, including \$3,000,000 general revenue.
- \$1.6 million to meet the rising probation and parole caseload for Fiscal Year 2001.
- \$652,173 for fuel and utilities for the Charleston Correctional Center.
- \$156,800 for a grievance unit to meet federal requirements and avoid costly litigation while addressing inmate concerns.



Methamphetamine Initiative

Methamphetamine is the most prevalent controlled substance clandestinely manufactured in the United States. There is substantial evidence that the abuse of methamphetamine is associated with violent behavior and criminal activity. The attractiveness of "meth" stems from its being cheap to purchase, highly addictive, and easy to produce. Missouri is one of the top "meth" lab production states in the nation. Meth labs have infiltrated our rural areas where they are difficult to discover. Missouri is also located in the center of the United States with transportation access to all parts of the nation. Governor Carnahan is determined to provide resources to stop the production and sale of this insidious substance. The budget recommends a \$3.0 million budget initiative to equip law enforcement agencies to combat "meth" production and trafficking.

Other Crime Fighting Initiatives

In addition to funds recommended to stop methamphetamine production and distribution, the Governor's Fiscal Year 2001 budget includes the following measures to enhance law enforcement and the courts:

- \$1.8 million to enhance criminal history reporting through technological innovations that will foster cooperative relationships among the courts, prosecutors, law enforcement, and the Department of Corrections.
- \$1.5 million to upgrade the memory and search capabilities of the automated fingerprint identification system and to purchase a scanner and a storage unit for fingerprint cards.
- \$528,844 for 44 vehicles and automotive maintenance equipment for the Highway Patrol.
- \$364,311 for computer equipment that will allow the Highway Patrol to develop a uniform crime reporting system.
- \$167,040 for aircraft overhauls and maintenance for the Highway Patrol.
- \$120,000 for a carbon monoxide analyzer, a spectrometer, and counter-surveillance equipment for the State Highway Patrol.
- \$106,460 for additional radio operators, communication interns, cell phones, and pagers to enhance law enforcement efforts by Water Patrol officers.
- \$48,000 to purchase bulletproof vests for Water Patrol officers.
- \$7.3 million for the Judiciary to install, maintain, and support caseload management and financial management systems statewide.
- \$500,000 for the Judiciary for an interagency juvenile justice information system.
- \$308,446 for nine staff to create a unified family court in the 22nd Judicial Circuit.
- \$221,294 for the Judiciary for three staff for an alternative dispute resolution pilot project.
- \$56,738 for one staff to coordinate volunteer services in Juvenile and Family Courts.
- \$536,900 to provide safety and security equipment at Division of Youth Services (DYS) residential and day treatment programs.
- \$164,934 to continue funding 24.5 job slots for youth in DYS custody.

HEALTHY MISSOURIANS

SHOW ME RESULTS

Governor Carnahan has identified five Show Me Results related to Healthy Missourians.

- · Increased percentage of pregnancies that result in healthy babies.
- · Decreased rate of infant mortality.
- Decreased pregnancy rate for females under age 18.
- · Decreased rate of infectious and chronic diseases.
- Improved air and drinking water quality in Missouri.

BUDGET RECOMMENDATIONS

Governor Carnahan's Fiscal Year 2001 budget will continue to promote for Healthy Missourians. The budget is targeted to improving access to health care, protecting our children from harm, and safeguarding our environment.

Protecting Missouri Children

Child abuse and neglect are tragic consequences that can result from troubled families. The Department of Social Services continues to

actively seek creative and collaborative solutions to this problem in Missouri, and is committed to ensuring that our most vulnerable citizens remain safe. The department works with children of intact families who are at risk of being removed from the home, and assists in the permanent placement of children who cannot return home because of unstable or unsafe environments. The Federal Adoption and Safe Families Act will make an increasing number of children in Missouri available for adoption. The Governor supports finding adoptive families for these children. To strengthen these efforts, his recommendations include an increase of \$24.3 million to provide safe environments for abused and neglected children, to improve the existing child protective system, and to prevent child abuse and neglect from occurring in Missouri families.

- \$8.9 million for increased costs associated with 5,628 children currently receiving adoption subsidies and for 1,400 additional children.
- \$4.7 million for an additional 120 social service workers to expedite child abuse and neglect investigations, decrease the length of stay for children in foster care, ensure permanency for children placed in adoptive homes, and guarantee the continued safety of children placed in the state's care.
- \$3.7 million cost-to-continue the Fiscal Year 2000 supplemental appropriation for caseload growth in the Adoption Subsidy Program.
- \$3.2 million for rate increases in the Foster Care, Adoption Subsidy/Guardianship, and Residential Treatment programs.
- \$2.3 million for increased costs associated with 9,838 children currently in foster care and for 68 additional children.
- \$1.3 million to expand after care services to approximately 2,300 additional youth through the Independent Living Program.
- \$157,370 for Department of Social Services legal staff to train local teams on child protection, publish injury/fatality prevention information, investigate child pornography, and provide prosecutorial support in child abuse cases.

Decreasing Drug and Alcohol Abuse by Missouri Youth

Missouri has seen improvement in the rates of youth using alcohol and drugs, but they remain higher than the national average. The Governor recommends:

- \$1.3 million for additional alcohol and drug treatment for adolescents.
- \$1.2 million to toughen enforcement of the state's laws against the sale of tobacco products to minors.

Protecting our water, land, and air

The state plays a critical role in ensuring the health of our citizens by protecting our water, land, and air from pollution that causes health problems. To support the goal of protecting these resources the budget includes:

- \$30 million in bonds for storm water grants and loans.
- \$20 million in bonds for water pollution control projects in local communities.
- \$2,250,000 for vehicle emissions repairs for low-income families.
- \$400,000 for emergency repairs on four unsafe and abandoned dams.
- \$137,760 for six additional stream flow meters on the Missouri River and its' tributaries.
- \$132,935 for equipment for the environmental services program laboratory.

Improving Health Care Quality and Services

Governor Carnahan's budget provides funds for a comprehensive approach to address the health needs of Missourians, including:

- \$21.7 million to provide nutritious meals to low-income children.
- \$13.3 million to expand services through the 1115 waiver for low-income children and families.
- \$8.3 million for treatment and support services and new medications for adults with mental illness.
- \$6.3 million for mental health provider rate increases targeted at the salaries of direct care staff.
- \$5.4 million for consumer and family directed supports for persons with developmental disabilities.
- \$4.8 million to expand treatment and family support services for mentally ill children.
- \$2.3 million for planning and design of a new laboratory for the Department of Health.
- \$2 million in savings redirected to the Consumer-Directed Care Program.
- \$500,000 for local public health agencies to implement strategies developed to address locally identified needs.

Enhancing Support for Senior Citizens

Demographic information indicates that 18 percent of Missouri residents are over the age of 60 and seniors will comprise 25 percent of the state's population by 2020. The goal of promoting independence and quality of life for the elderly and persons with disabilities continues to be a priority for the Governor. The budget provides significant increases for low-income elderly and disabled through the Medicaid program. His recommendations include:

- \$178.2 million to address the rising cost of prescriptions.
- \$68.2 million to cover the cost of additional Missourians eligible for Medicaid.
- \$22.7 million for quality care in long-term care facilities by increasing nursing facility per diem rates based on the direct patient care cost component.
- \$5 million for a two-percent rate increase for in-home service providers to ensure that providers will participate in the Medicaid program.
- \$2.5 million for four Aging in Place pilot projects, to enable elderly individuals to remain in their homes and communities as long as possible and delay or avoid the need for institutional care by providing case management and in-home services.
- \$1.4 million for 27 staff to improve the quality and types of care provided to seniors and disabled persons residing in nursing homes as required by the Nursing Home Initiative and SB 326 (1999).
- \$500,000 to allow additional federal spending authority for the Area Agencies on Aging.
- \$347,916 to increase the inspection of nursing homes associated with hospitals from once to twice a year and initiate an education campaign on the abuse and neglect of the elderly, as required by SB 8 (1999).

- \$187,145 for the Department of Social Services to implement the requirements of HB 316 (1999) which created a Shared Care database of caregivers for seniors.
- \$163,936 for three staff to help meet federal and state requirements related to surveys and inspections of nursing facilities, intermediate care facilities, residential care facilities, and adult day care programs
- \$125,000 to expand the Department of Insurance Community Leaders Assisting the Insured of Missouri (CLAIM) program and offer counseling services to about 2,500 more seniors.
- \$100,000 for grants to medical schools and other organizations to include courses and materials on elder abuse in the preparatory education of physicians and nurses, and the education of practicing health care professionals working in emergency rooms.
- \$60,759 for a coordinator to work with advocates for the elderly to design a statewide community long-term care advocacy program for persons receiving their care in the community.

REVIEW OF THE FISCAL YEAR 2000 BUDGET

The State of Missouri completed Fiscal Year 1999 in sound financial condition. Solid revenue collections, coupled with efficient management of state programs, allowed Missouri to maintain its status as one of the nation's best-run states. Net general revenue collections finished the year within 0.4 percent of the consensus revenue estimate. Missouri's personal income grew 4.4 percent in Fiscal Year 1999, well ahead of the general inflation rate of 1.7 percent. The financial outlook for the state in Fiscal Year 2000 continues to be positive as the Missouri economy remains in a period of steady growth. Employment growth also remains strong. As of November 1999, total employment in Missouri stood at over 2.8 million while the unemployment rate was down to 2.3 percent. This is well below the U.S. unemployment rate of 3.8 percent in November 1999.

Net general revenue collections increased 3.0 percent in Fiscal Year 1999 due to tax cuts passed in 1997 and 1998 combined with the strength of the national and state economies. Expenditures were lower than anticipated in Fiscal Year 1999 as prudent state agency managers did not use all available spending authority. From these unexpended appropriations the state will have available a modest one-time fund balance that must be targeted to one-time uses. Governor Carnahan recommends that these resources be used for one-time investments to provide for construction and renovation of higher education and other state facilities and other critical one-time uses for state programs.

THE ECONOMIC OUTLOOK:

U.S. Economy and Outlook

The U.S. economy is headed to its eighth consecutive year of real growth of two percent or better, as measured by real Gross Domestic Product (GDP). For 1999, real GDP growth is estimated at 3.9 percent, a continuation of solid economic expansion achieved with relatively little price inflation. For Fiscal Year 2000, it is expected that the inflation rate, as measured by the Consumer Price Index, will be about 2.7 percent. As in 1998, the national employment picture remained bright throughout 1999. The U.S. unemployment rate for 1999 is expected to be 4.2 percent, which improved over the 4.5 percent level of 1998. Mainstream economists regard the U.S. economy as being at virtually full employment.

Looking ahead to the remainder of Fiscal Year 2000 and Fiscal Year 2001, most forecasters predict steady but slower growth for the U.S. economy. For Fiscal Year 2000 and Fiscal Year 2001, the forecast of Macroeconomics Advisers is for real GDP growth of 3.8 percent and 3.0 percent, respectively. The inflation rate is expected to remain in the 2.5 percent range. Meanwhile, the unemployment rate is forecast to remain at below five percent. This combination will produce a so-called "misery" index (inflation rate plus unemployment rate) below eight percent. This would be quite low by recent historical standards. (From 1981 through 1992, the misery index averaged 11.7 percent). While the U.S. economy is expected to remain strong, some weakening is expected due to the following factors:

- 1. The actual and anticipated rise in interest rates will restrain demand in interest rate sensitive sectors such as automobiles and housing.
- 2. The expected correction in the stock market brought on by higher interest rates will act to diminish consumer wealth and slow the growth in consumer spending.
- 3. The recent increase in oil prices along with higher import prices will further weaken real household income putting more downward pressure on consumer spending.

In summary, while a recession is not likely, the U.S. economy will be hard pressed to repeat the performance of recent years.



The Missouri Economy and Outlook

Missourians have enjoyed a vibrant and growing economy over the last six years. The unemployment rate as of November 1999 was 2.3 percent, compared with the national unemployment rate of 3.8 percent. In November 1999 over 2.8 million Missourians were employed, an increase of more than 365,000 jobs since January 1993. One of the factors that contributed to the strength of the Missouri economy is the competitiveness of Missouri businesses in the world economy. In 1998 over 1,665 Missouri businesses exported more than \$7.3 billion in products and services to 181 countries around the world. Exports supported an estimated 155,000 jobs in Missouri in 1998. Given the weakness of many of the Asian and other foreign economies, this represents strong performance.

In calendar year 1999 a total of 355 companies expanded operations in Missouri compared with 341 companies in 1998. This is particularly important, as these expansions are indications from companies that Missouri is a good place to do business. In addition, 23 companies opened new facilities in Missouri. An estimated 60 percent of these new and expanded operations received some kind of assistance from the Missouri Department of Economic Development. In 2000, Missouri should continue to see companies investing in facilities in the state. The global economic situation has improved and expansion of facilities and new business growth is likely.

REVENUE ESTIMATES FOR FISCAL YEARS 2000 AND 2001

Forecasting revenues is an inherently difficult task, particularly during periods of economic transition and with much uncertainty abroad. Cooperation between the Governor and legislative leaders also remains critical for sound state budget policy. Governor Carnahan is committed to working constructively with legislators during the annual budget process to develop consensus revenue estimates.

For the Fiscal Year 2001 Executive Budget and appropriations process, a consensus estimate of revenues and refunds has been achieved. The revised Fiscal Year 2000 revenue estimate projects 0.9 percent gross collection growth and 2.0 percent net. The Fiscal Year 2001 revenue estimate projects 4.8 percent net growth over the Fiscal Year 2000 appropriated level which produces \$301.7 million in available revenue growth. Compared to the revised Fiscal Year 2000 consensus revenue estimate, the Fiscal Year 2001 estimate is for 5.5 percent gross collection growth and 5.7 percent net. The relatively low growth rate for Fiscal Year 2000 is a result of the tax cuts from the 1997, 1998, and 1999 sessions and from sluggish corporate income tax collections.

Revenue Limitation Amendment

Calculations made pursuant to Article X of the Missouri Constitution show that total state revenues for Fiscal Year 1999 exceeded the total state revenue limit by \$98.9 million. The entire amount of excess revenues will be refunded to Missouri income taxpayers in calendar year 2000.

Missouri's constitutional revenue and spending limit provides that over time the growth in state revenues and spending cannot exceed the growth in Missouri Personal Income. The Missouri Constitution requires that the revenue and spending limit formula use the personal income figure supplied by the United States Department of Commerce Bureau of Economic Analysis (BEA). The personal income statistics are designed to measure current economic activity. Changes made in the methodology for computing the personal income statistics have been made in each of the past two years with significant effect on the state's revenue limit. In 1998 the BEA implemented a change that significantly lowered the revenue and spending limit beginning in Fiscal Year 1999. Personal income is the sum of all wages and salaries, proprietors and rental income, interest and dividend income, and transfer payments (such as social security and welfare). Personal income has never included capital gains made on direct investment in the stock market. In 1998, the BEA concluded that they were including capital gains made by mutual funds that invest in the stock market. The personal income statistics published last year by the BEA deducted the value of mutual funds' capital gains from personal income - about a \$2 billion reduction in Missouri Personal Income. When applied to Missouri's constitutional revenue limit formula, this reduced the revenue and spending authority available by \$113 million and \$118 million for Fiscal Year 1999 and Fiscal Year 2000 respectively. This change reduced the personal income growth rate used to calculate Missouri's revenue limit to a lower level than flood-ravaged 1993.

In October 1999 the BEA, in its continuing effort to refine the national income statistics, announced additional changes in the methodology for computing personal income when it published new national figures. The main change in this revision in the personal income calculation is that government employee pension plans will now be recorded as personal income instead of government savings. The United States statistics published by the BEA in October 1999 using this methodology increased the figure for national personal income by 2.8 percent. In May 2000, the BEA will publish new personal income statistics for each state reflecting the new methodology. Because the state-level information is not currently available, it must be estimated. The Office of Administration's estimate of personal income assumes that the level of Missouri personal income will increase by the same amount as U.S. personal income. This will be a one-time increase to the level of personal income and should not have a significant impact on the personal income growth rate in future years. This change will permanently increase the personal income component and therefore the state's revenue limit. Future changes made by the BEA may significantly affect the computation of the state's revenue limit, both positively and negatively.



The Office of Administration projects that total state revenues will not exceed the total state revenue limit in Fiscal Year 2000 or Fiscal Year 2001. The tax cuts passed in previous session will reduce Fiscal Year 2001 total state revenues by about \$800 million. This is about \$300 million more than the Fiscal Year 1999 tax cut impact and \$637 million more than Fiscal Year 1998. These preliminary calculations are subject to change as actual revenue collections become known and as the federal government revises its estimates of Missouri personal income. In addition, the recent volatility in the stock market, if continued, could have an impact on this projection. The calculations project that total state revenues will be approximately \$291 million below the Article X revenue limit and \$368 million below the Article X refund limit in Fiscal Year 2005.

TOBACCO SETTLEMENT

In November 1998 the National Association of Attorney Generals announced a national settlement agreement with five major tobacco companies. Attorney General Jay Nixon accepted the proposed agreement on behalf of the State of Missouri. The agreement is the largest settlement ever achieved by the State of Missouri. Over the next 25 years, the state will receive over \$4 billion before the settlement's adjustments for inflation and discounts.

Before Missouri can receive any funds from the settlement the state must reach finality in its lawsuit. Several parties have filed a motion to intervene in the case. The Circuit Court of the City of St. Louis denied their motion. However, they have appealed this decision to the Missouri Eastern District Court of Appeals. The timing of the final decision on this suit is uncertain and is dependent upon possible further appeal to the Missouri Supreme Court. In order to participate in the settlement, Missouri must settle its case prior to December 31, 2001. Until the state's lawsuit is finalized in is imprudent to include the funds in the state's budget.

The amount of money that Missouri will receive is dependent upon a number of factors. Under the settlement agreement, any amount that Missouri is scheduled to receive will reflect adjustments for inflation and changes in the volume of sales by the manufacturers. In addition,

payments may be reduced for loss of market share by the participating manufacturers or for actions by the federal government that would affect tobacco sales. These adjustments will be made on a year-to-year basis.

Missouri will receive initial (one-time) payments of about \$50 million per year for five years and annual payments for Fiscal Year 2000 and thereafter. The timing of any payments to Missouri is totally dependent upon Missouri's lawsuit reaching final status.

Governor Carnahan proposes a comprehensive plan for funds that will come to the state as a result of the tobacco settlement.

- 1. The voters of Missouri should have an opportunity to approve the use of any tobacco settlement funds.
- 2. Accountability for the funds must be provided including:
 - A separate trust fund, which keeps its interest earnings, must be established to account for the tobacco funds.
 - The Office of Administration should provide an annual accountability report on the amount of funds received and any
 expenditure of those funds.
- 3. The funds should not be used to replace funds already appropriated for Fiscal Year 2000. Voters should know how the funds would be distributed.
- 4. For all payments from monies owed to Missouri prior to Fiscal Year 2002:
 - 75 percent, but no less than \$250 million, to reduce the cost of prescription drugs for seniors;
 - Up to 25 percent, but no more than \$60 million, for comprehensive tobacco prevention, education, and cessation efforts; and
 - Any remaining funds will be placed in the budget stabilization fund to help ensure the financial security of state programs.
- 5. For all payments from money owed to Missouri in Fiscal Year 2002 and thereafter:
 - 50 percent for health care treatment and access
 - o 20 percent for health sciences research
 - 15 percent for comprehensive tobacco prevention, education, and cessation efforts
 - o 15 percent for early childhood care and education

DESEGREGATION

Court supervision of the St. Louis and Kansas City School Districts has ended. State desegregation payments in the Kansas City case ended in Fiscal Year 1999 pursuant to a settlement in 1997. With passage of SB 781 (1998), local voter approval of matching funds in February 1999 and court approval in March 1999, St. Louis desegregation operating budget payments were ended in Fiscal Year 1999 while transfer costs and capital improvements payments will be phased out. Fiscal Year 2000 payments total \$53.5 million, with \$25 million for voluntary transfer costs, and \$28.5 million for capital costs. The Fiscal Year 2001 budget includes \$25 million for voluntary transfer costs and \$25 million for capital outlays in St. Louis. As these payments phase out pursuant to SB 781 and the settlement approved by the court, savings will be redirected to the school foundation formula for the benefit of school districts across the state, as required by state law.

The Fiscal Year 2001 recommendation for the school foundation formula contains ongoing desegregation savings of \$269.4 million, an increase of \$3.5 million over the Fiscal Year 2000 level. In addition, \$25 million was redirected to the Transportation Categorical program in Fiscal Year 2000 and continues in this year's budget. This brings cumulative ongoing savings redirected for education to \$294.4 million. By the end of Fiscal Year 2001, a cumulative total of \$948.4 million in desegregation savings will have been distributed to Missouri schools.



FISCAL YEAR 2001 CAPITAL IMPROVEMENTS BUDGET

Missouri uses a biennial appropriations process for capital improvements. This approach recognizes that most capital improvement projects take two or more years to complete, with significant advance time required for technical design and the competitive bidding process before actual construction can begin. During the second year of the biennium, funding is provided for critical projects that were not envisioned when the biennial budget was adopted, for completion of projects begun in prior years, and for use of one-time revenues that become available for major infrastructure improvements. Governor Carnahan proposes that the capital improvements budget be used to dedicate one-time revenues to improve higher education and vocational training facilities, and complete other important projects. Litigation regarding the total state revenue refunds owed under Article X of the Missouri Constitution could delay, reduce, or eliminate the availability of funds for capital improvements projects. The Governor's plan includes:

- \$137 million to construct and renovate facilities at public institutions of higher education.
- \$6.3 million to construct and renovate facilities at area vocational technical schools in Camdenton, Clinton, Poplar Bluff, Kirksville, Rolla, Springfield, Bonne Terre, and West Plains.
- \$6.1 million for improvements at Missouri's ports to provide effective water transportation to markets for agricultural and other goods.
- \$2.7 million to construct an armory and facility for joint use by the National Guard and the State Fair at Sedalia.
- \$2.3 million for planning and design of a new laboratory for the Department of Health.
- \$438,000 for the state's contribution to the World War II Memorial in Washington D.C.
- \$370,000 to ensure completion of a youth services facility in St. Louis.

FISCAL YEAR 2001 COMPENSATION PLAN

To deliver high-quality services, the state must be able to compete for qualified, high-performing employees at all levels of government. Governor Carnahan is committed to attracting and retaining an experienced, dedicated, and productive workforce. State employee compensation policy is faced with two problems. First, state employee salaries are on average 15.4 percent below the market rate. The table above shows how state employee salaries compare to the market based on various surveys and indexes.

Second, the average percentage by which all classes are behind the market masks the fact that some jobs are paid at the market rate while others lag by more than 20 -25 percent. This wide disparity makes it difficult for the state to recruit and retain employees in many job classes. The Governor's recommendations for Fiscal Year 2001 address both compensation problems. State employees will receive about a one percent, three percent or four percent increase depending on their salaries' relationship to the marketplace and where they are in the state's pay structure. Most employees will receive about a four percent increase. Recommendations include:

- \$21.5 million, including \$11.8 million general revenue and related fringe benefits, for a salary increase of \$300 for each employee. The cost of the pay plan without accompanying fringe benefits is \$18.2 million, including \$9.9 million general revenue.
- \$53.1 million, including \$31.4 million general revenue and related fringe benefits, for a marketplace within grade salary increase for successful employees. The cost of the marketplace within grade salary increase without accompanying fringe benefits is \$44.8 million, including \$26.5 million general revenue. The Ad Hoc Task Force on Total Compensation and the state's Personnel Advisory Board recommended the marketplace within grade salary increase. Employees must have successful performance to receive a marketplace step salary increase. Eligible employees will receive two steps during the year with a phased implementation if they are two steps or more below the marketplace rate step. Employees one step below, at, or above the marketplace rate step will receive a one step pay increase. Eligible employees at least one step below the top step of the salary range will receive a one step pay increase on July 1, 2000. Employees eligible for a two step pay increase will receive the second step on January 1, 2001. Each step is roughly equal to a two percent salary increase. The advancements recognize performance and length of service with the state and help retain a trained, productive workforce. This is the fifth year of a multi-year plan of marketplace within grade increases to achieve market comparability.
- \$48.7 million, including \$35.1 general revenue, for increased costs to the state for participation in the Missouri Consolidated Health Care Plan.

During Fiscal Year 2001 state employees will transition to a semi-monthly lag payroll from a monthly anticipatory payroll. The revised payroll system will enable the state to take advantage of important features in the new statewide financial management system. The new system will provide more accurate and timely pay and leave information, provide better management of leave usage, significantly decrease errors and recalculations inherent in an anticipatory payroll, and eliminate duplicate agency leave systems. To ensure that state employee salaries are not reduced during the change, state employees will receive a transition payment equal to half of their previous month's salary. The following table illustrates the hypothetical impact of the change in the payroll system with and without a transition payment for a state employee making \$24,000 per year.



The net cost of the transition payment is estimated at \$14.6 million over the next ten years as state employees leave employment. The second step of the marketplace within grade pay plan will be delayed until January in Fiscal Year 2001 to offset the cost to the budget of the transition payments. The delay of the marketplace pay plan in Fiscal Year 2001 will save the state \$15.7 million, including \$9.9 million general revenue, including related fringe benefits. This plan covers the entire ten year net cost of the transition payments in the transition year.

STRATEGIC BUDGETING AND PLANNING

The Fiscal Year 2001 Executive Budget includes a forecast of general revenues, mandatory spending, tax refunds, and desegregation spending through Fiscal Year 2005. Rather than being viewed as a measure of the accuracy of long-range projection, the five-year outlook should be used as a tool to assess the future implications of current decisions and as an aid to strategic planning. The five-year summary assumes base general revenue will grow at an average annual rate of about five percent for Fiscal Years 2001 to 2005 and reflect tax changes enacted at the federal and state levels. Tax refunds are projected to grow at about 4.75 percent for the period.

Desegregation costs reflect the final settlements in Kansas City and St. Louis. Successful continued implementation of cost containment in the Medicaid program is important to controlling the growth of future mandatory spending requirements. Changes in federal fiscal policy may dramatically impact the state's financial outlook.

The budget also includes an analysis of the Health Initiatives Fund created by HB 564 (1994) because multiple departments and programs operate from the fund. The nature of the revenue source and program expenditure trends make strategic planning essential for this fund. The Missouri Budget lays out a blueprint for the Health Initiatives Fund.



FIVE-YEAR GENERAL REVENUE OVERVIEW* (IN MILLIONS)



- * Future budget uncertainties that could alter projections include economic activity or business cycle fluctuations, the effect of any federal tax law changes, and new federal and state legislation among others.
- ** Provides funding for St. Louis settlement.



FISCAL YEAR 2001



EXPENDITURES* ALL FUNDS OPERATING BUDGET FISCAL YEAR 2001



REVENUES GENERAL REVENUE RECEIPTS AND TRANSFERS FISCAL YEAR 2001



EXPENDITURES*
GENERAL REVENUE OPERATING BUDGET
FISCAL YEAR 2001



*Excludes tax refunds



GENERAL REVENUE SUMMARY



NOTES TO GENERAL REVENUE SUMMARY

- 1. Unexpended appropriations are counted as a resource in the next fiscal year to avoid premature commitment of uncertain resources until actual lapses are known.
- 2. Consensus revenue growth rates for net revenue collections (after deducting refunds) are FY 1999 (actual), 3.0%; FY 2000, 2.0%; FY 2001, 5.7% (4.8% available for new appropriations).
- 3. The Outstanding Schools Act established additional revenues for education finance. An additional \$50 million was redirected to education reforms beginning in FY 1994.
- 4. Transfers to fund do not include cash flow loan repayments. Transfers to fund includes payments necessary to provide Article X refunds: FY 1999-\$52.2 million for FY 1997 refunds, \$36.8 million for FY 1998 refunds, and \$17.7 million for FY 1999 refunds.
- 5. Operating Appropriations for FY 2001 include a base of \$5,748.9 million, \$478.1 million in mandatory cost increases and pay plan, and \$39.9 million for program enhancements. Does not include cash flow loans.
- 6. Refunds reflect actual for FY 1999; the revised consensus estimate for FY 2000; and the consensus estimate for FY 2001.
- 7. Article X refund set aside includes full return to income taxpayers of the revenues collected in excess of the Constitutional revenue limit in FY 1999.
- 8. FY 1999 includes \$53,367,702 approved in the biennial capital improvements bill and \$148,596,895 approved in the FY 1999 capital improvements bill. FY 2001 includes \$35,942,508 approved in the biennial capital improvements bill and \$149,471,042 recommended in the FY 2001 capital improvements bill.

FY 2001 OPERATING AND CAPITAL BUDGET SUMMARY



NOTES:

FY 1999 does not include \$318,792,419 Article X refund. FY 2000 does not include \$178,843,080 Article X refund. FY 2001 does not include \$98,861,466 Article X refund.

SUPPLEMENTAL RECOMMENDATIONS FISCAL YEAR 2000



FY 2001 EXECUTIVE BUDGET

MISSOURI - SHOW ME RESULTS

OPENING THE DOORS TO A NEW CENTURY

Governor Carnahan continues to keep government focused on results that benefit Missouri citizens. He has worked vigorously to move Missouri forward in many areas to ensure that the state is ready to meet the challenges and opportunities coming in the new century. The Governor's vision, "Show Me Results," reflects outcomes the state is striving to achieve because they most benefit Missourians. He has directed state departments to focus their planning and budget efforts on these priority areas. As a result of these efforts, Missouri is prepared to open the doors to a new century and build on the improvements in our schools, our economy, and in our lives.

Governor Carnahan established five subcabinet teams to develop and implement plans and initiatives to ensure:

- · Responsible Government: Sound management and stewardship of the state's resources.
- · Educated Missourians: Children ready to learn, successful students, and workers with high skills.
- Prosperous Missourians: Thriving firms, farms, families, and communities.
- Safe Missourians: Protection against crime, family violence, and alcohol- and drug-related injuries.
- · Healthy Missourians: Healthy babies, decreased impact of disease, and clean air and drinking water.

The Show Me Results effort encourages fact-based decision making and innovation, and recognizes the need for agencies to work together to drive significant improvements in the results. The five subcabinet teams reviewed state government efforts and performance in the five result areas from an interagency perspective. All five subcabinets made recommendations to improve state government performance, to continue to seek ways to strengthen collaboration among agencies, and to make government programs more efficient and more responsive to the needs of the people they serve. The Governor is committed to ensuring Missouri citizens will be able to see that state government is being held accountable for its results. A high level of achievement is expected. The five result areas are explained below, along with Governor Carnahan's achievements through Fiscal Year 2000. See the Budget Summary section of The Missouri Budget for details regarding Governor Carnahan's Fiscal Year 2001 budget recommendations.

RESPONSIBLE GOVERNMENT

Missouri taxpayers expect an efficient government and good value for their tax dollars. In Missouri's Capitol, Governor Carnahan takes this message seriously. The Governor worked hard to ensure sound management and stewardship of the state's resources. He has cut taxes where possible, returned dollars and authority to Missouri taxpayers, made the state workforce representative of the demographics of the state, and created a more efficient state government. Governor Carnahan has delivered top-flight management of the state in his seven years in office, demanding the best in government service and charging agencies to make service to the public their measure of success.

SHOW ME RESULTS

Governor Carnahan has identified four Show Me Results related to Responsible Government.

- Decreased ratio of state government operating expenditures to Missouri Personal Income.
- Improved protection of the public's investment in state-owned capital assets (roads, bridges, and buildings).
- Increased representation of minorities and women in upper level salary ranges in state government and in state purchasing.
- Improved protection of Missouri's land and water resources.

BUDGET AND LEGISLATIVE ACHIEVEMENTS

• Multiple independent sources confirm that Missouri is a low expenditure state (see table).



- Missouri is one of only four states to achieve an A- in the management report card of the 50 states by Governing magazine in 1999.
- · Missouri was ranked third in financial management excellence by Financial World magazine in 1995.
- Missouri is one of only nine states with a Triple A rating from all three bond rating agencies.
- Missouri is ranked 46th in state and local debt per capita by Governing magazine.
- · Missouri is ranked third best in technology according to Government Technology magazine.
- Missouri voters adopted a tax limitation amendment proposed by Governor Carnahan.
- Tax relief passed during Governor Carnahan's administration will reduce taxes by over \$650 million providing \$341 per year in tax cuts

for the average family of four.

- The general sales tax on food was eliminated and other tax cuts enacted.
- The tax on private pensions is being reduced over the next several years.
- Significant tax relief for the elderly and disabled was passed through an expansion of the Elderly and Disabled Property Tax Circuit Breaker Program.
- The dependent deduction was tripled from \$400 to \$1,200.
- The personal exemption was raised by \$900, a 75 percent increase.
- The corporate franchise tax was eliminated for small businesses and reduced 33 percent for all businesses.
- · The elderly received a tax credit for prescription drugs.
- A total of \$648.3 million has been cut from the state agency budgets, and redirected to education, crime fighting, and other high priorities.
- Kansas City desegregation payments were ended and St. Louis desegregation payments were phased out providing an annual increase of \$294.4 million and cumulative redistribution of \$948.4 million to schools across the state.
- The Rainy Day Fund is properly funded.
- A constitutional amendment will be presented to Missouri voters in November 2000 to combine the Cash Operating Reserve Fund and the Rainy Day Fund making them more efficient and useful for state fiscal management.
- Missouri budgets are conservative, based on establishing a realistic, consensus revenue estimate.
- No mid-year extraordinary withholdings have been imposed by Governor Carnahan in all seven years of his administration due to
 conservative budget practices. Mid-year withholdings disrupt agency operations and planning efforts, resulting in reduced services for
 citizens.
- The budgeting, accounting, and procurement portions of the new statewide financial management system have been implemented. The personnel portion of the system will begin operation during calendar year 2000.
- The Year 2000 computer problem was addressed vigorously to ensure that state systems were ready.
- · Services to Missouri's citizens have improved because of significant automation upgrades in the Department of Revenue.
- Legislation was passed which significantly reformed the process for renewing drivers' licenses and license plates and registering motor vehicles.
- A thorough review of state programs was conducted by the Commission on Management and Productivity resulting in elimination of over 30 commissions, committees, and programs.
- The Council on Efficient Operations, which was established to improve state government's operational efficiency and effectiveness, identified \$3.3 million in savings.
- State agencies have established long-range strategic plans to guide their programs. The plans are developed with employee involvement and are customer-focused and outcome-driven.
- Strategic plans are linked to the budget and guide resource allocation.
- Legislation supported by Governor Carnahan was adopted to ensure greater accountability from the Missouri Department of Transportation.
- The Department of Social Services' benefit payment system was modernized, which will result in a reduction of 20 full-time employees and will save the state close to \$1 million when fully implemented.
- The State Affirmative Action Council was established to set state government goals for state purchasing and to contract awards to women-and minority-owned businesses and help state agencies track and plan efforts in the area of equal employment opportunities.
- The Missouri Task Force on Status of African-American Males was created to study the problems, including barriers to employment, facing African-American males.
- A disparity study was conducted for state government to evaluate the state's business development programs and participation of women and minority-owned businesses in state government purchasing and contract efforts.

Governor Carnahan has improved services to Missouri citizens by increasing the efficiency rather than the size of state government. As illustrated in the following graph, the ratio of state operating expenditures to Missouri Personal Income has remained level during the Carnahan administration with the Fiscal Year 1998 ratio of 2.4 percent unchanged from Fiscal Year 1993.



Governor Carnahan's commitment to increasing the representation of minorities and women in upper level salary ranges in state government can be seen in the following graphs. The percentage of minority and women state employees earning over \$40,000 a year is at an all-time high with Fiscal Year 1999 rates at 8.1 percent and 30.8 percent of the state workforce respectively.



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EDUCATED MISSOURIANS

Governor Carnahan has consistently made education a top priority of his administration. He has focused on increasing the number of children ready to learn, successful students, and workers with high skills. The Governor has made major investments to ensure our children have access to quality early childhood experiences, students are achieving knowledge and skills needed to graduate from high school and become successful adults, and that 14 years of education be affordable and commonplace.

SHOW ME RESULTS

Governor Carnahan has identified four Show Me Results related to Educated Missourians.

- · Increased percentage of children entering school ready to learn.
- · Increased percentage of students who achieve targeted skill levels at various points before graduation.
- Increased percentage of 18-year-olds with a high school diploma or GED.
- Increased percentage of individuals ages 25 to 65 who have completed 14 years of education.

BUDGET AND LEGISLATIVE ACHIEVEMENTS

- There is a more equitable fully funded foundation formula for public schools.
- Performance standards and high-expectation assessments are in place to show results.
- The desegregation cases in Kansas City and St. Louis have been settled with the help of legislation passed to hasten the end of court-ordered supervision, restore local control of schools, and redirect desegregation funding to local schools.
- \$1.75 billion in gaming, lottery, and bingo revenues has been invested in education from 1994-2000.
- · Major funding increases were provided for categorical programs transportation, special education, and gifted.
- Vocational education has been upgraded.
- 167 high schools are participating in the A+ Schools Program with decreased dropout rates at those schools.
- Average class size for kindergarten through third grade has decreased from 21.24 in 1993 to 20.56 in 1999.
- The number of students per classroom teacher has decreased from 20.96 in 1993 to 18.80 in 1999.
- ACT scores for Missouri high school graduates have increased from 21.1 in 1993 to 21.6 in 1999.
- Legislation was approved to target funding to early childhood care and education. Since Fiscal Year 1993, there has been a 206
 percent increase in funding for early childhood programs.
- Funding for Missouri's Parents As Teachers Program increased 99 percent since Fiscal Year 1993.
- · State funding was provided for school districts that wish to conduct summer school programs.
- Legislation expanded the availability of voluntary pre-kindergarten programs.
- · Safe schools legislation and funding are in place.
- · Drug-free school zones were expanded.
- Legislation allowed the State Board of Education to suspend or revoke the certificates of teachers convicted of a serious felony crime.
- · Major computer networking initiatives are underway for schools, public libraries, and community information networks.
- A major postsecondary technical education improvement plan has been completed.
- · Performance funding for higher education was instituted and mission reviews implemented.
- \$564.9 million in higher education construction has been provided to dramatically improve libraries, laboratories, and other educational facilities.
- Major new higher education scholarship and educational assistance programs were implemented.
- The Missouri Saving for Tuition (MO\$T) Program was implemented to encourage parents to save for their children's higher education through pre-tax savings plans.

Governor Carnahan's commitment to ensuring that Missouri's youth have completed their education and have attained the necessary job skills can be seen in the following graphs. The percentage of 18-year-olds with a high school diploma or GED reached 82.2 percent in 1998, the highest level since 1989. The percentage of Missourians with 14 years of education has also risen with a 1999 level of 33.5 percent, the highest level since 1991.





PROSPEROUS MISSOURIANS

Governor Carnahan took office in 1993 with a goal of renewing Missouri's economy and putting Missouri on the right track for economic development. Seven years later, Missouri is a state with an economy that is clearly moving forward. The Governor has strived to ensure thriving firms, farms, families, and communities. The Governor has focused on reducing welfare caseloads, moving families above the poverty level, and providing access to health care and child care for working families.

SHOW ME RESULTS

Governor Carnahan has identified eight Show Me Results related to Prosperous Missourians.

- Increased number of jobs paying greater than \$10/hour.
- · Increased number of dollars of new investment in Missouri firms and farms.
- Increased productivity of Missouri firms and farms.
- Decreased percentage of Missourians obtaining public income support.
- Increased percentage of Missourians with health insurance.
- Increased access to high quality child care for working families.
- Increased percentage of Missourians with incomes above 100 percent of the poverty level.
- Decreased number of communities with a high concentration of poverty.

BUDGET AND LEGISLATIVE ACHIEVEMENTS

- Unemployment is at an historical low rate of 2.3 percent compared to 7.0 percent in January 1993.
- More than 365,000 additional jobs exist today than in January 1993 when the Governor assumed office.
- A 37.2 percent decrease in the poverty rate from 1994 to 1998 the best change in the entire nation.

600,000 Missourians have moved above the poverty level since January 1993.

- Missouri exports are up 97 percent since 1992.
- · Welfare reform legislation passed in Missouri two years before the federal government addressed the problem.
- Over 130,000 fewer people are on welfare than in January 1993 when the Governor assumed office, a 51 percent reduction.
- · Missouri's welfare reform initiative included a hospital paternity program to identify, at the time of birth, a child's father.
- Child support collections have increased 75 percent which helps ensure that children are supported by their families and more families
 move from welfare to work.
- Legislation was passed to implement a centralized collection location to receive child support payments.
- A 220 percent increase in funding has been provided for child care for low-income parents to ensure that children are cared for properly while their parents work.
- Missouri's FUTURES Program was developed to provide education and job training for welfare recipients and preparation for permanent employment.
- Legislation was enacted which allows Missourians to be covered by Medicaid, breaking the eligibility link with Temporary Assistance
 for Needy Families cash assistance payments. This policy change provides an incentive to work for Missourians lacking health care
 coverage.
- Health insurance legislation was approved providing access to 90,000 low-income children.
- · Workers' Compensation reform legislation passed and has actually lowered employers' insurance premiums.
- A Brownfields Program was enacted to finance development of abandoned commercial and industrial property.
- The first-ever dedicated funding source was created to support the tourism industry.
- A variety of new business tax credits are in place including incentives to invest in historic preservation and distressed communities.
- Five regional business assistance offices were established to assist entrepreneurs.
- Workforce preparation funding for projects at community colleges was increased.
- A total of \$20 million was approved for Regional Technical Education Councils to provide the workforce with the tools necessary for continued economic growth.
- A new Division of Workforce Development was created in the Department of Economic Development to administer workforce development programs, increase efficiency, and improve delivery of services to Missouri job seekers and employers.
- A loan guarantee program was enacted to help independent livestock and poultry producers finance modern, capital-intensive
 operations.
- Funding was provided for incentives to encourage ethanol production in Missouri.
- Over \$2.1 billion has been invested in higher education facilities, state prisons, youth services facilities, and other state and local facilities for maintenance, construction, renovation, information technology, and infrastructure projects.

The following graphs illustrate how Missouri's economy has grown during Governor Carnahan's administration. The number of total jobs has risen dramatically, reaching an all-time high in 1999 of 2.8 million jobs. The productivity of Missouri firms has also risen since 1993 and has consistently outpaced the productivity of firms nationwide. Farm productivity, both in Missouri and across the United States, was hurt in 1998 by falling livestock and other crop prices. Even so, the cash receipts per acre for Missouri farms are over \$20 higher in 1998 than they were in 1993.



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Governor Carnahan is committed to ensuring that Missouri families share in the state's overall economic prosperity. The following graphs show the dramatic improvements individual Missourians have experienced during the Carnahan administration. The percentage of Missourians obtaining public income support has been cut in half since 1999, from 5.0 percent to 2.5 percent of Missourians. The percentage of Missourians with health insurance increased by 1.7 percent since 1993, reaching a high of 89.5 percent in 1998. During the same period, the percentage of people with health insurance nationwide declined by 1 percent. Finally, the percentage of Missourians with incomes above 100 percent of the poverty level increased by 6.2 percent from 1993 to 1999, reversing what had previously been a steady decline.



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SAFE MISSOURIANS

Governor Carnahan recognizes that few obligations of the state are more important than protecting citizens from the plague of crime. He has kept his pledge to combat this problem with aggressive actions. During the past seven years Missouri has made strides in making our communities safer places to live. The Governor continues to make investments to provide protection against crime, family violence, and alcohol and drug-related injuries.

SHOW ME RESULTS

Governor Carnahan has identified four Show Me Results related to Safe Missourians.

· Decreased rates of crimes against persons.

Decreased rates of crimes against property.

- Decreased incidence of family violence.
- Decreased rate of alcohol- and drug-related injuries and deaths.

BUDGET AND LEGISLATIVE ACHIEVEMENTS

- Since 1993, the violent crime rate in Missouri has declined by 26.1 percent, from 747 per 100,000 in 1993 to 552 per 100,000 in 1998.
- The number of murders statewide declined by 31.7 percent, from 587 in 1993 to 401 in 1998.
- The state passed tough sentencing laws requiring violent offenders to serve at least 85 percent of their sentences in prison.
- Funding was provided to construct 14,188 new beds for the state's prison system to ensure improved citizen safety.
- Funding was provided to replace the Jefferson City Correctional Center.
- Funding has dramatically increased for intensive supervision of probation and parole clients.
- Grants were provided for local jurisdictions to develop local intervention, incarceration, and punishment programs for adult and juvenile criminals
- Funding was provided for community-based alternatives to incarceration, including expansions of halfway houses, the Intensive Supervision Program, day reporting centers, and job placement partnerships.
- · Legislation passed to enact more stringent juvenile crime penalties.
- Funding was provided for 254 new beds to house juvenile criminals.
- The Governor's Task Force on School Violence was appointed to gather data and study preventative approaches to curbing school violence
- Tougher penalties were enacted for juvenile offenders for violent acts committed on school premises.
- · Legislation passed requiring juvenile sex offenders to place their names on a registry in their home counties.
- · Background check requirements were strengthened for school bus driver applicants.
- · Zero tolerance drinking legislation was passed for minors.
- A comprehensive bill was passed to fight methamphetamines.
- · Legislation was passed creating stringent penalties and civil commitment for sexual predators.
- · Missouri's child welfare system was improved to better protect abused children.
- Funding has been provided for upgraded capacity and security for forensic clients in mental health hospitals.
- 80 highway patrol troopers were moved to the road from desk duty.
- The required number of training hours for law enforcement officers was enhanced.

As can be seen in the following graphs, Missouri's violent crime rate has dropped dramatically under the Carnahan administration. In 1993, the rate of crimes against persons was 747 per 100,000 Missourians. By 1998, that number had fallen to 552 violent crimes per 100,000 Missourians - a drop of over 26 percent. Non-violent crimes have also fallen during that time period, from a rate of 4,427 crimes per 100,000 Missourians in 1993 to 4,307 crimes per 100,000 Missourians in 1998.



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It is imperative that Missouri's children are protected from harm. The following graph illustrates the dramatic decline in the rate of child abuse.



Governor Carnahan is committed to decreasing the number of lives needlessly lost to alcohol and drug abuse. The following graph shows that the number of traffic crash deaths related to alcohol has decreased by 8 percent since 1993.



HEALTHY MISSOURIANS

Governor Carnahan wants all Missourians to live healthy, productive lives. He has made significant investments to ensure healthy babies, decreased impact of disease, and clean air and drinking water.

SHOW ME RESULTS

Governor Carnahan has identified five Show Me Results related to Healthy Missourians.

- · Increased percentage of pregnancies that result in healthy babies.
- · Decreased rate of infant mortality.
- Decreased pregnancy rate for females under age 18.
- · Decreased rate of infectious and chronic diseases.
- Improved air and drinking water quality in Missouri.

BUDGET AND LEGISLATIVE ACHIEVEMENTS

• Governor Carnahan proposed and signed into law SB 632 (1998), expanding the availability of affordable health insurance coverage to an additional 90,000 low-income children in Missouri.

Managed care (MC+) for the state's Medicaid Program has been implemented in three regions and is making better use of dollars. MC+ also has improved access to quality health care and has increased primary and preventive care for Medicaid recipients.

- Legislation was passed requiring 48-hour maternity stay coverage to prevent premature discharge of mothers and infants from hospitals.
- Governor Carnahan proposed and signed into law HB 564 (1993), expanding Medicaid health coverage to low-income women and children. The bill also provides health service grants to school districts and increases access to preventive and primary health care services.
- Legislation was enacted requiring health insurers to offer coverage for breast cancer and diabetes treatments.
- The Childhood Immunization Act was passed requiring health insurers to cover immunizations for children without the family paying deductibles or co-payments.
- Legislation was passed providing for patients' rights in dealing with managed care companies. In addition, similar legislation passed which requires managed care companies to cover costs of second opinions for certain conditions and illnesses.
- The Governor's Council on AIDS was established to develop and coordinate policies and improve AIDS prevention and care services.
- The First Steps Program was established to reduce the need for special education services for children through early identification and remediation of potential developmental problems.
- Food distribution through the Women, Infants, and Children Program, the Child and Adult Care Food Program and the Summer Food Program was increased to improve the nutrition of more children and pregnant women.
- The Tel-Link Program, providing referral services for pregnant women, pregnancy testing, and family planning services was expanded.
- The Care-A-Van Program was created to provide health services and health and nutrition education to citizens around the state.
- Programs to prevent chronic diseases, such as heart disease, cancer, and diabetes, and to promote healthy behaviors were extended to more Missourians of all ages.
- Family planning programs have been extended to more families who want to space their children to promote both maternal and infant health.
- State funding was initiated for the Baby Boost Program and the Nurses for Newborns Program to provide health, education, and support services to families with infants.
- Legislation was passed to prevent further degradation of air quality, protect public health, and avoid federal sanctions such as loss of federal highway funds and additional regulations on business growth.
- A Voluntary Cleanup Program was developed to encourage landowners to apply for assistance to clean up hazardous waste on their land.
- The dioxin-contaminated Times Beach community was cleaned up and developed.
- A drinking water state revolving fund was established to provide financial assistance to systems to help meet federal requirements for safe drinking water.
- The Missouri State Revolving Loan Program led the nation in providing low-interest loans to municipalities for water and sewage treatment systems.
- \$190 million in bonds will be issued for water pollution control and stormwater projects in local communities throughout the state through Fiscal Year 2000.
- · Voters authorized another \$300 million in bonds for water pollution and stormwater projects.

Governor Carnahan's commitment to healthy children can be seen in the following graphs. The percentage of pregnancies resulting in healthy birth-weight babies has risen steadily, reaching a high of 77.1 percent of all pregnancies in 1998. At the same time, the rate of infant deaths has fallen from 8.4 infant deaths per 1,000 births in 1993 to 7.6 infant deaths per 1,000 births in 1998. Finally, the teen pregnancy rate has dropped dramatically during Governor Carnahan's administration. The teen pregnancy rate has fallen from 52.1 per 1,000 females in 1998 to 38.0 per 1,000 females in 1998, a drop of 27.1 percent.



The following graphs illustrate how Missouri is faring in its battle against infectious and chronic diseases. The infectious disease rates in Missouri for vaccine-preventable diseases, tuberculosis, Hepatitis B, gonorrhea, pneumonia and influenza, and AIDS have all decreased since 1993. The most dramatic declines can be seen in the AIDS and gonorrhea rates which have declined by 72.7 percent and 30.7 percent respectively since 1993. Only the rates of chlamydia and foodborne diseases have increased since 1993. Chronic disease rates take many years to impact; therefore, the chronic disease mortality rate chart shows less dramatic movements. The chronic disease rates in Missouri for heart disease, cancer, and strokes have all decreased since 1993. Only the rates for diabetes and lung disease have increased. Because of the long period of time that is needed to see improvements in the chronic disease rates, an analysis of health risk factors is very important. As can be seen below, Missourians are increasing their level of physical activity. However, obesity and unhealthy eating are both up. Smoking, which had been on the rise, has recently dropped back down to the 1993 level of 26 percent of all Missourians.









FY 2001 EXECUTIVE BUDGET

DEPARTMENT BUDGETS PUBLIC DEBT

FINANCIAL SUMMARY



POLICY SUMMARY

State of Missouri general obligation bond issues consistently have received the highest, "Triple A", ratings from Moody's Investors Service, Standard and Poor's Corporation, and Fitch IBCA Incorporated. Missouri is one of only nine states that has this rating from all three rating organizations. The other states are Minnesota, Georgia, Utah, Virginia, Maryland, Tennessee, North Carolina, and South Carolina. General obligation bonds can only be issued through voter approved amendments to the state constitution. Currently outstanding general obligation bonds are for the four purposes identified below.

Water Pollution Control Bonds: Water pollution control bond proceeds help local governments construct wastewater and stormwater control facilities and improve public drinking water systems. These infrastructure improvements support local economic development, protect Missouri waterways from pollution, and help ensure safe drinking water supplies. In November 1998, Missouri voters approved an additional \$100 million in water pollution control bonds raising total authorizations to \$725 million. As of December 1999, Missouri has issued, excluding refunding issuances, a total of \$494.5 million of the \$725 million authorized in water pollution control bonds. The Governor recommends a \$32.8 million general revenue transfer to the water pollution control bond and interest fund, and \$33.4 million for principal and interest payments on water pollution control bonds currently outstanding. The Governor also recommends a \$1.7 million general revenue transfer to the water pollution control bond and interest fund for a \$20 million issuance in the last half of Fiscal Year 2001.

Stormwater Control Bonds: In November 1998, Missouri voters approved a separate stormwater control bond issue of \$200 million for stormwater control plans, studies, and projects. As of December 1999, Missouri has issued a total of \$20 million of the \$200 million authorized in stormwater control bonds. The Governor recommends a \$1.7 million general revenue transfer to the stormwater control bond and interest fund, and \$1.7 million for principal and interest payments on stormwater control bonds currently outstanding. The Governor also recommends a \$2.6 million general revenue transfer to the stormwater control bond and interest fund for a \$30 million issuance in the last half of Fiscal Year 2001.

Fourth State Building Bonds: In August 1994, Missouri voters approved a fourth state building

bond issue to provide essential prison capacity, new residential beds for juvenile offenders, and significant new higher education construction and renovation. The Governor recommends an \$18.8 million general revenue transfer to the fourth state building bond and interest fund, and \$18.9 million for principal and interest payments on fourth state building bonds currently outstanding. With the final \$50 million issuance on June 1, 1998, all \$250 million in fourth state building bonds authorized by Missouri voters was issued.

Third State Building Bonds: The Governor recommends a \$50.5 million general revenue transfer to the third state building bond interest and sinking fund, and \$52 million for principal and interest payments on third state building bonds currently outstanding. With the final \$75 million issuance on December 1, 1987, all \$600 million in third state building bonds authorized by Missouri voters in 1982 was issued.

ADMINISTRATION OF PUBLIC DEBT

The Board of Fund Commissioners administers the bonded indebtedness of the state. The board is comprised of the following members pursuant to Section 33.300, RSMo: Governor, Lt. Governor, Attorney General, State Auditor, State Treasurer, and Commissioner of Administration. Administrative expenses are associated with the sale and processing of the state's general obligation bonds. The board directs the payment of principal and interest on state debt and processes the redemption and cancellation of state bonds. Each of the general obligation bonds issued by the State of Missouri is rated "Triple A" by Moody's Investors Service, Standard and Poor's Corporation, and Fitch IBCA Incorporated.

Fiscal Year 2000 Governor's Recommendations

• \$1,632 for pay plan.

BOND ISSUANCE COSTS

The Board of Fund Commissioners incurs administrative and transaction costs in issuing general obligation bonds. These costs include financial advisors, bond counsel, printing of bonds, and rating and paying agent fees.

Fiscal Year 2000 Governor's Recommendations

Continue funding at the current level.

ARBITRAGE REBATE COSTS

The Board of Fund Commissioners is obligated to repay to the United States Treasury excess interest earnings on water pollution control bonds, stormwater control bonds, third state building bonds, and fourth state building bonds.

Fiscal Year 2000 Governor's Recommendations

Continue funding at the current level on an open-ended basis to accommodate possible additional costs.

ADVANCED REFUNDING OF BONDS

The Board of Fund Commissioners authorized the advanced refunding of several outstanding series of water pollution control and third state building bonds. Due to refundings in the past several years, the state will realize a savings of \$111.2 million over the life of the bonds.

Fiscal Year 2000 Governor's Recommendations

Continue funding at the current level on an open-ended basis to accommodate possible additional costs.

FOURTH STATE BUILDING BONDS DEBT SERVICE

Missouri voters approved \$250 million in fourth state building bonds under the provisions of Article III, Section 37, Missouri Constitution to be used for capital improvement projects at state facilities and higher education institutions. Bond sales were authorized by the General Assembly in Fiscal Year 1995, and bonds were then sold on a cash-as-needed basis to meet scheduled construction timetables. With the final sale of \$50 million on June 1, 1998, all \$250 million in voter-approved bonds have been issued.

This appropriation provides for principal and interest payments on fourth state building bonds now outstanding. The money is transferred from general revenue to the fourth state building bond and interest fund one year in advance of its appropriation.

Fiscal Year 2000 Governor's Recommendations

- \$18,809,771 for the transfer of general revenue for debt service on fourth state building bonds currently outstanding.
- \$18,876,358 to be paid from the fourth state building bond and interest fund for principal and interest payments.



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WATER POLLUTION CONTROL BONDS DEBT SERVICE

Missouri voters have authorized the state to sell \$725 million in water pollution control bonds under the provisions of Article III, Section 37, Missouri Constitution. Increments of bonds are then authorized by the General Assembly and issued on a cash-as-needed basis to fund wastewater treatment projects approved by the Missouri Clean Water Commission. Currently, \$494.5 million in bonds, excluding refunding issuances, have been issued. General revenue is transferred to the water pollution control bond and interest fund one year in advance of its appropriation for principal and interest payments.

Fiscal Year 2000 Governor's Recommendations

• \$32,776,637 for the transfer of general revenue for debt service on water pollution control bonds currently outstanding.

\$33,352,467 to be paid from the water pollution control bond and interest fund for principal and interest payments.

• \$1,700,000 for the first year's debt service payment on water pollution control bonds to be issued in Fiscal Year 2001.



Total principal includes refunding excess of \$21,700,000 which does not count toward the \$725 million constitutional authorization.

STORMWATER CONTROL BONDS BUDGET YEAR ISSUANCE

Missouri voters have authorized the state to sell \$200 million in stormwater control bonds under the provisions of Article III, Section 37, Missouri Constitution. This appropriation provides principal and interest on stormwater control bonds to be authorized by the General Assembly. Currently, \$20 million in bonds have been issued. General revenue is transferred to the stormwater control bond and interest fund one year in advance of its appropriation for payment of principal and interest.

Fiscal Year 2000 Governor's Recommendations

- \$1,692,625 for the transfer of general revenue for debt service on stormwater control bonds currently outstanding.
- \$1,689,500 to be paid from the stormwater control bond and interest fund for principal and interest payments.
- \$2,575,000 for the first year's debt service payment on stormwater control bonds to be issued in Fiscal Year 2001.



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THIRD STATE BUILDING BONDS DEBT SERVICE

Missouri voters approved \$600 million in third state building bonds to be used for capital improvement projects at state facilities and for specific types of local economic development projects under Article III, Section 37, Missouri Constitution. The General Assembly authorized issuance of \$75 million for Fiscal Year 1983, \$50 million for Fiscal Year 1984, \$75 million for Fiscal Year 1985, and \$400 million for Fiscal Year 1986. Bonds were then sold on a cash-as-needed basis to meet scheduled construction timetables. With the final sale of \$75 million on December 1, 1987, all \$600 million in voter-approved bonds have been issued.

This appropriation provides for principal and interest payments on third state building bonds now outstanding. The money is transferred from general revenue to the third state building bond interest and sinking fund one year in advance of its appropriation.

Fiscal Year 2000 Governor's Recommendations

• \$50,548,313 for the transfer of general revenue for debt service on third state building bonds currently outstanding.

State building bond and interest fund for principal and interest payments.

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Missouri Office of Administration

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FY 2001 EXECUTIVE BUDGET

DEPARTMENT BUDGETS STATEWIDE LEASING

FINANCIAL SUMMARY



POLICY SUMMARY

Currently, the state leases approximately 600 facilities, covering nearly four million square feet of space, including offices, warehouses, and parking. The Division of Facilities Management in the Office of Administration is the state agency responsible for the acquisition of leased space. This service is provided for all state agencies except the Department of Conservation, the Department of Transportation, higher education institutions, the Judiciary, and the General Assembly. The State of Missouri uses a competitive public bid process to acquire leased space.

The Division of Facilities Management works closely with state agencies on requests to obtain space for program needs in a cost effective manner. A space analysis is conducted before any new leased space is acquired. This ensures compliance with established standards and the efficient use of space. Construction inspectors perform on-site inspections to ensure compliance with building codes and applicable laws. Implementation of program management processes such as pre-construction reviews and bid evaluations provide standard and uniform space procurement. In addition to the centralized procurement process, the state's leasing obligations are identified in a single appropriation bill. The centralized appropriation allows for improved management of leasing costs, accountability of leasing operations, and reporting of the state's leasing activities. This enhanced leasing process focuses on improving performance in the areas of budgeting and procurement.

DEPARTMENT OF ELEMENTARY AND SECONDARY EDUCATION

The Department of Elementary and Secondary Education occupies leased facilities in Jefferson City, St. Louis, and several other locations statewide for Vocational Rehabilitation and Disability Determination offices and State Schools for Severely Handicapped children.

Fiscal Year 2001 Governor's Recommendations

- \$74,231 for increased leasing costs, including \$50,454 general revenue.
- (\$66,500) core reduction for one-time expenditures, including (\$7,000) general revenue.
- (\$43,186) core reduction from the Fiscal Year 2000 appropriation level.

DEPARTMENT OF REVENUE

The Department of Revenue occupies leased facilities throughout the state for the State Lottery Commission.

Fiscal Year 2001 Governor's Recommendations

• (\$77,598) other funds core reduction for one-time expenditures.

OFFICE OF ADMINISTRATION

Beginning with the Fiscal Year 1995 budget, appropriations for leasing, except services not included in base rent, have been consolidated into a new appropriation bill. As part of the consolidated effort, all multi-tenant leases have been consolidated to the Office of Administration. Also, some agencies have opted to consolidate some or all of their leases to the Office of Administration.

Fiscal Year 2001 Governor's Recommendations

- \$295,200 for systems furniture for Department of Revenue staff.
- \$152,282 for a contingency fund, including \$94,493 general revenue.
- \$120,000 for new record storage space for the Secretary of State.
- \$103,865 increased costs of Department of Revenue leases administered by the Division of Facilities Management, including \$70,540 general revenue.
- \$39,818 increased costs of Department of Public Safety leases administered by the Division of Facilities Management, including \$36,832 general revenue.

- \$9,299 increased costs of Office of Administration leases administered by the Division of Facilities Management, including \$4,559 general revenue.
- (\$2,932,728) transferred to the Department of Economic Development's leasing budget, including (\$81,663) general revenue.
- (\$80,500) core reduction for one-time expenditures.
- (\$15,057) transferred to the Department of Labor and Industrial Relations' leasing budget.
- (\$6,500) core reduction from the Fiscal Year 2000 appropriation level.



DEPARTMENT OF AGRICULTURE

The Department of Agriculture occupies leased facilities in Jefferson City, Kansas City, and several other locations statewide for the Divisions of Grain Inspection and Warehousing, Market Development, Plant Industries, and the State Milk Board.

Fiscal Year 2001 Governor's Recommendations

• \$30,015 for increased leasing costs, including \$3,091 general revenue.

DEPARTMENT OF NATURAL RESOURCES

The Department of Natural Resources occupies leased facilities throughout the state for the Division of Energy, the Division of State Parks, and the regional offices of the Division of Environmental Quality.

Fiscal Year 2001 Governor's Recommendations

- \$360,800 for systems furniture, including \$104,304 general revenue.
- (\$201,250) core reduction for one-time expenditures, including (\$114,625) general revenue.

DEPARTMENT OF ECONOMIC DEVELOPMENT

The Department of Economic Development occupies leased facilities in Jefferson City, St. Louis, and several other locations statewide for the Divisions of Workforce Development, Finance, Credit Unions, Tourism, Motor Carriers and Railroad Safety, Professional Registration, and the Public Service Commission.

Fiscal Year 2001 Governor's Recommendations

- \$21,169 for increased leasing costs, including \$1,695 general revenue.
- \$12,300 for systems furniture, including \$4,100 general revenue.
- \$2,932,728 transferred from the Office of Administration's leasing budget, including \$81,663 general revenue.

DEPARTMENT OF LABOR AND INDUSTRIAL RELATIONS

The Department of Labor and Industrial Relations occupies leased facilities throughout the state for the Director and Staff, Commission on Human Rights, Labor Commission, State Board of Mediation, and the Divisions of Employment Security, Workers' Compensation, and Labor Standards.

Fiscal Year 2001 Governor's Recommendations

\$7,128 for increased leasing costs.

DEPARTMENT OF PUBLIC SAFETY

The Department of Public Safety occupies leased facilities throughout the state for the Missouri State Highway Patrol, the Adjutant General, and the Gaming Commission.

Fiscal Year 2001 Governor's Recommendations

- \$184,210 other funds for increased leasing costs.
- (\$117,791) other funds core reduction from the Fiscal Year 2000 appropriation level.

DEPARTMENT OF CORRECTIONS

The Department of Corrections occupies leased facilities throughout the state for the Office of the Director, the Board of Probation and Parole, and Missouri Vocational Enterprises.

Fiscal Year 2001 Governor's Recommendations

- \$153,938 for increased leasing costs.
- \$323,598 transferred from the Department of Corrections' operating budget.
- (\$287,000) core reduction for one-time expenditures.

DEPARTMENT OF MENTAL HEALTH

The Department of Mental Health occupies leased facilities throughout the state for the Office of the Director and the Divisions of Alcohol and Drug Abuse, Comprehensive Psychiatric Services, and Mental Retardation/Developmental Disabilities.

Fiscal Year 2001 Governor's Recommendations

- \$364,900 for systems furniture.
- \$61,360 federal funds to provide office space for new staff recommended by the Governor.
- \$45,954 for increased leasing costs.
- \$67,361 transferred from the Department of Mental Health's operating budget.
- \$28,985 transferred from the Attorney General's operating budget.

DEPARTMENT OF HEALTH

The Department of Health occupies leased facilities throughout the state for local and district offices to support its operations.

Fiscal Year 2001 Governor's Recommendations

- \$147,600 for systems furniture, including \$73,800 general revenue.
- \$115,640 to provide office space for new staff recommended by the Governor, including \$55,460 general revenue.
- \$65,016 for increased leasing costs, including \$57,982 general revenue.
- (\$22,400) federal funds core reduction for one-time expenditures.

DEPARTMENT OF SOCIAL SERVICES

The Department of Social Services occupies leased facilities throughout the state for the Divisions of Aging, Child Support Enforcement, Data Processing, Family Services, General Services, Legal Services, Medical Services, and Youth Services.

Fiscal Year 2001 Governor's Recommendations

- \$747,463 for increased leasing costs, including \$523,233 general revenue.
- \$603,930 for systems furniture, including \$321,772 general revenue.
- \$218,301 to provide office space for new staff recommended by the Governor, including \$108,053 general revenue.
- \$54,000 for additional parking spaces at the Wainwright State Office Building in St. Louis, including \$37,005 general revenue.
- \$90,700 transferred from the Department of Social Services' operating budget.
- (\$788,030) core reduction for one time expenditures, including (\$568,668) general revenue.

ELECTED OFFICIALS

The Attorney General, State Auditor, and State Treasurer occupy leased facilities and/or parking in Jefferson City, St. Louis, Kansas City, Springfield, and Cape Girardeau.

Fiscal Year 2001 Governor's Recommendations

- \$40,000 for the Attorney General for increased leasing costs.
- \$11,800 other funds to provide office space for the Missouri Office of Prosecution Services.

OPERATING BUDGET TRANSFER

Statewide leasing appropriations can only be used for rent and systems furniture payments in leased facilities. This transfer mechanism allows monies to be transferred from the leasing budget to the operating budget when funds are needed in state-owned rather than leased facilities. All transfers are cost neutral.

Fiscal Year 2001 Governor's Recommendations

Continue funding at the current level.



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DEPARTMENT BUDGETS SUPPLEMENTAL

The Governor's recommendations for Fiscal Year 2000 Supplemental Appropriations include \$14,831,156 general revenue, \$16,194,743 federal funds, and \$13,159,464 other funds for a total of \$44,185,363.

DEPARTMENT OF ELEMENTARY AND SECONDARY EDUCATION SCHOOL FOUNDATION PROGRAM PARENTS AS TEACHERS



The Governor recommends \$2,500,000 to provide screenings and parent education to families with children between birth and five years of age.

DEPARTMENT OF ELEMENTARY AND SECONDARY EDUCATION SCHOOL FOOD SERVICES PROGRAM



The Governor recommends \$589,395 to allow participating schools to receive reimbursement for school food programs.

DEPARTMENT OF ELEMENTARY AND SECONDARY EDUCATION FAIR SHARE FUND



The Governor recommends \$1,276,214 on an open-ended basis to distribute a portion of Missouri's tax on cigarettes to local school districts.

DEPARTMENT OF ELEMENTARY AND SECONDARY EDUCATION SCHOOL DISRICT TRUST FUND



The Governor recommends \$6,543,917 on an open-ended basis to distribute Proposition C sales tax revenues to local school districts.

DEPARTMENT OF ELEMENTARY AND SECONDARY EDUCATION COUNTY FOREIGN INSURANCE TAX

H.B. Sec. 14.025	_	OVERNOR'S ORIGINAL OMMENDATION	ORIGINAL PROPRIATION	CURRENT REQUEST	GOVERNOR RECOMMENDS		
PROGRAM SPECIFIC DISTRIBUTION General Revenue Fund	\$	72,750,000E	\$ 72,750,000	\$ 1,102,832	\$	1,102,832	

The Governor recommends \$1,102,832 to distribute one-half of the adjusted net receipts of the county foreign insurance tax to local school districts.

DEPARTMENT OF ELEMENTARY AND SECONDARY EDUCATION ADVANCED PLACEMENT AND DUAL CREDIT INCENTIVES

H.B. Sec. 14,030	VERNOR'S DRIGINAL MMENDATION	_	RIGINAL ROPRIATION	CURRENT REQUEST			OVERNOR OMMENDS
PROGRAM SPECIFIC DISTRIBUTION General Revenue Fund Lottery Proceeds Fund TOTAL	\$ 182,730 738,498 921,228	\$ \$	0 500,000 500,000	\$	563,524 0 563,524	\$ \$	563,524 0 563,524

The Governor recommends \$563,524 to cover costs associated with Advanced Placement and Dual Credit programs for students who score at "advanced" or "proficient" levels on statewide assessments in math, science, and communications arts.

DEPARTMENT OF ELEMENTARY AND SECONDARY EDUCATION VOCATIONAL REHABILITATION PROGRAM

H.B. Sec. 14.035	GOVERNOR'S ORIGINAL ORIGINAL RECOMMENDATION APPROPRIATION		CURRENT REQUEST		GOVERNOR RECOMMENDS			
PROGRAM SPECIFIC DISTRIBUTION General Revenue Fund Federal Funds From payments from the Department of	\$	9,724,825 25,160,000E	\$	9,724,825 28,500,000	\$	0 1,758,700	\$	0 1,756,700
Mental Health Lottery Proceeds Fund TOTAL	\$	1,000,000 <u>1,400,000</u> 37,284,825		1,000,000 <u>1,400,000</u> 40,624,825	\$	0 <u>0</u> 1,756,700	\$	0 <u>0</u> 1,756,700

The Governor recommends \$1,756,700 for services to assist persons with disabilities to obtain employment.

DEPARTMENT OF ELEMENTARY AND SECONDARY EDUCATION VOCATIONAL EDUCATION PROGRAMS

H.B. Sec. 14.040	GOVERNOR'S ORIGINAL RECOMMENDATION		ORIGINAL APPROPRIATION		CURRENT REQUEST	GOVERNOR RECOMMENDS		
PROGRAM SPECIFIC DISTRIBUTION Federal Funds	\$	28,777,000E	\$	28,777,000	\$ 3,161,786	\$	3,161,786	

The Governor recommends \$3,161,786 for vocational-technical education programs and services.

DEPARTMENT OF ELEMENTARY AND SECONDARY EDUCATION DIVISION OF FAMILY SERVICES/DEPARTMENT OF MENTAL HEALTH PUBLIC PLACEMENT COSTS

H.B. Sec. 14.045	GOVERNOR'S ORIGINAL ORIGINAL RECOMMENDATION APPROPRIATIO				CURRENT GOVERNOR REQUEST RECOMMENDS					
PROGRAM SPECIFIC DISTRIBUTION General Revenue Fund	\$	3,830,172	\$	3,830,172	\$	1,567,190	\$	1,567,190		

The Governor recommends \$1,567,190 to pay excess costs associated with children in state custody placed in residential facilities.

DEPARTMENT OF REVENUE REFUNDS AND DISTRIBUTIONS COUNTY FILING FEES



The Governor recommends \$55,000 to file liens on property owned by taxpayers that are delinquent in paying income or sales/use tax.

DEPARTMENT OF REVENUE
REFUNDS AND DISTRIBUTIONS
PAYMENTS TO PROSECUTING ATTORNEYS AND COLLECTIONS AGENCY FEES



The Governor recommends \$728,000 to contract with prosecuting attorneys and collection agencies on an open-ended basis for the collection of delinquent taxes.

OFFICE OF ADMINISTRATION
DIVISION OF DESIGN AND CONSTRUCTION



The Governor recommends \$4,168 to reimburse expenses incurred by the Building Code Commission.

OFFICE OF ADMINISTRATION MISSOURI ETHICS COMMISSION



The Governor recommends \$60,000 for the Missouri Ethics Commission to make lobbyist report data available on the Internet per Section 105.477, RSMo.

OFFICE OF ADMINISTRATION COMMISSION ON COMPENSATION



The Governor recommends \$25,000 to pay the expenses of the Missouri Citizen's Commission on Compensation for Elected Officials per Article XIII, Section 3 of the Missouri Constitution.

OFFICE OF ADMINISTRATION
PUBLIC TELEVISION AND PUBLIC RADIO



The Governor recommends \$93,315 to fully fund the public television portion of revenues generated by state income tax on non-resident athletes and entertainers, implemented by SB 724 (1998).

OFFICE OF ADMINISTRATION JURY FEES



The Governor recommends \$390,000 to pay the state's portion of county jury fees per SB 1 (1999) and Section 494.455, RSMo.

OFFICE OF ADMINISTRATION AUDIT RECOVERY DISTRIBUTION



The Governor recommends \$325,000 on an open-ended basis to pay a contracted audit recovery firm its percentage of state funds estimated to be recovered from vendors with whom the state does business.

DEPARTMENT OF AGRICULTURE
OFFICE OF THE DIRECTOR
AGRICULTURE AND SMALL BUSINESS DEVELOPMENT AUTHORITY



The Governor recommends \$78,496 for two staff to correct a technical drafting error in the original appropriation bill.

DEPARTMENT OF ECONOMIC DEVELOPMENT DIVISION OF COMMUNITY DEVELOPMENT



The Governor recommends \$110,764 for six staff to implement the Neighborhood Preservation Act, SB 20 (1999), and \$118,221 for three staff to implement the Family Development Account and Mature Worker Child Care Tax Credit Programs, SB 387 (1999).

DEPARTMENT OF ECONOMIC DEVELOPMENT
DIVISION OF MOTOR CARRIER AND RAILROAD SAFETY



The Governor recommends \$100,000 transferred out of the Grade Crossing Safety Account to the Railroad Expense Fund for railroad administrative purposes.

DEPARTMENT OF ECONOMIC DEVELOPMENT DIVISION OF PROFESSIONAL REGISTRATION



The Governor recommends \$200,000 for additional investigations of complaints against nurses licensed by the Missouri State Board of Nursing.

DEPARTMENT OF LABOR AND INDUSTRIAL RELATIONS DIVISION OF WORKERS' COMPENSATION ADMINISTRATION



The Governor recommends \$227,141 to increase Division of Workers' Compensation salaries to the level required by Section 287.615, RSMo.

DEPARTMENT OF PUBLIC SAFETY DIRECTOR'S OFFICE



The Governor recommends \$210,000 to purchase bulletproof vests for the Missouri State Highway Patrol, Supreme Court marshals, University of Missouri at Rolla, and Northwest Missouri State University at Maryville.

DEPARTMENT OF PUBLIC SAFETY MISSOURI STATE HIGHWAY PATROL ENFORCEMENT



The Governor recommends \$565,616 to enhance criminal history reporting and \$150,000 for officer overtime for the Selective Traffic Enforcement Program.

DEPARTMENT OF PUBLIC SAFETY MISSOURI STATE HIGHWAY PATROL TECHNICAL SERVICES

?

The Governor recommends \$406,140 to improve access to criminal justice information by local agencies.

DEPARTMENT OF PUBLIC SAFETY MISSOURI STATE HIGHWAY PATROL

?

The Governor recommends \$1,402,986 to permit the expenditure of federal drug seizure funds in compliance with the U.S. Justice Department equitable sharing program guidelines.

DEPARTMENT OF PUBLIC SAFETY MISSOURI STATE WATER PATROL

?

The Governor recommends \$27,562 to permit the expenditure of federal drug seizure funds in compliance with the U.S. Justice Department equitable sharing program guidelines.

DEPARTMENT OF PUBLIC SAFETY DIVISION OF HIGHWAY SAFETY NATIONAL HIGHWAY SAFETY ACT

?

The Governor recommends \$1,000,000 to distribute federal seat belt incentive grants.

DEPARTMENT OF PUBLIC SAFETY ADJUTANT GENERAL CONTRACT SERVICES



The Governor recommends \$2,050,000 for additional federal fund expenditures and \$100,000 to implement a distance learning program linking National Guard units throughout the state.

DEPARTMENT OF PUBLIC SAFETY ADJUTANT GENERAL



The Governor recommends \$678,379 to expand the military software training program.

DEPARTMENT OF HEALTH
DIVISION OF ADMINISTRATION
HEALTH INITIATIVES FUND TRANSFER TO HEALTH ACCESS INCENTIVES FUND



The Governor recommends \$1,084,181 health initiatives fund to complete a transfer inadvertently missed in Fiscal Year 1999. This fund is transferred on a quarterly basis to the health access incentives fund, which is then used to support the PRIMO program in the Department of Health.

DEPARTMENT OF HEALTH DIVISION OF MATERNAL, CHILD AND FAMILY HEALTH HEAD INJURY SERVICES



The Governor recommends \$138,513 to provide rehabilitation services for head injury clients.

DEPARTMENT OF HEALTH
DIVISION OF NUTRITIONAL HEALTH AND SERVICES
SUMMER FOOD PROGRAM



The Governor recommends \$51,659 federal funds for one staff for the summer food program because of program participation increases resulting from the programs added in HB 490 (1999).

DEPARTMENT OF SOCIAL SERVICES DIVISION OF DATA PROCESSING



The Governor recommends \$582,959 to replace unavailable child support enforcement collections fees with general revenue to maintain current operations.

DEPARTMENT OF SOCIAL SERVICES
DIVISION OF LEGAL SERVICES



The Governor recommends \$146,074 to replace unavailable child support enforcement collections fees with general revenue to maintain current operations.

DEPARTMENT OF SOCIAL SERVICES
DIVISION OF CHILD SUPPORT ENFORCEMENT
ADMINISTRATION



The Governor recommends \$745,864 to replace unavailable child support enforcement collections fees with general revenue to maintain current operations.

DEPARTMENT OF SOCIAL SERVICES DIVISION OF FAMILY SERVICES GENERAL RELIEF



The Governor recommends \$1,147,936 to meet the caseload requirements of the General Relief Program, which provides assistance to needy and medically unemployable adults who cannot qualify under any other assistance program.

DEPARTMENT OF SOCIAL SERVICES
DIVISION OF FAMILY SERVICES
BLIND PENSIONS



The Governor recommends \$304,980 on an open-ended basis for increased expenditures due to caseload growth.

DEPARTMENT OF SOCIAL SERVICES
DIVISION OF FAMILY SERVICES
LOW-INCOME HOME ENERGY ASSISTANCE PROGRAM



The Governor recommends \$3,237,617 for the Low-Income Energy Assistance Program.

DEPARTMENT OF SOCIAL SERVICES DIVISION OF FAMILY SERVICES ADOPTION/GUARDIANSHIP SUBSIDY



The Governor recommends \$3,665,982 for increased expenditures in the Adoption Subsidy Program due to increased needs and caseload growth.

DEPARTMENT OF SOCIAL SERVICES DIVISION OF AGING

?

The Governor recommends \$121,244 for one staff to implement requirements of HB 316 (1999), which created the Shared Care database of caregivers and providers.

DEPARTMENT OF SOCIAL SERVICES DIVISION OF AGING INSTITUTIONAL SERVICES



The Governor recommends \$535,897 for 27 staff to support activities to improve the quality and types of care provided to Missouri's elderly and disabled persons residing in long-term care facilities as set forth in SB 326 (1999) and federally mandated Nursing Home Initiatives.

OFFICE OF SECRETARY OF STATE



The Governor recommends \$275,000 to promote Census 2000 in Missouri.

OFFICE OF THE STATE AUDITOR



The Governor recommends \$27,630 to implement a cost/benefit analysis per HB 701 (1999).

OFFICE OF STATE TREASURER



The Governor recommends \$125,000 central check mailing service revolving fund on an open-ended basis to allow the State Treasurer's Office to continue to provide central check mailing services to other state agencies.

OFFICE OF THE ATTORNEY GENERAL

H.B. Sec. 14.230	GOVERNOR'S ORIGINAL RECOMMENDATION		ORIGINAL APPROPRIATION		CURRENT REQUEST		GOVERNOR RECOMMENDS	
PERSONAL SERVICE								
General Revenue Fund	\$	0	\$	9,521,998	\$	0	\$	0
Attorney General's Anti-Trust Revolving Fund		0		138,498		59,153		59,153
PERSONAL SERVICE AND/OR								
EXPENSE AND EQUIPMENT								
General Revenue Fund		12,048,531		0		0		0
Attorney General's Anti-Trust Revolving Fund		338,498		0		0		0
EXPENSE AND EQUIPMENT								
General Revenue Fund		0		2,330,038		235,000		235,000
Attorney General's Anti-Trust Revolving Fund		<u> </u>	_	200,000		51,552		51,552
TOTAL	\$	12,387,029	\$	12,190,534	\$	345,705	\$	345,705
General Revenue Fund		12,048,531		11,852,036		235,000		235,000
Attorney General's Anti-Trust Revolving Fund		338,498		338,498		110,705		110,705

The Governor recommends \$235,000 for contract legal counsel for the Planned Parenthood litigation, and \$110,705 Attorney General's anti-trust revolving fund to expand the Anti-Trust Unit.

JUDICIARY CIRCUIT COURTS

H.B. Sec. 14.235	GOVERNOR'S ORIGINAL ORIGINAL CURRENT RECOMMENDATION APPROPRIATION REQUEST			 VERNOR OMMENDS		
PERSONAL SERVICE EXPENSE AND EQUIPMENT	\$	99,683,061 942,360	\$ 97,779,536 942,360	\$	974,643 50,000	\$ 815,000 50,000
TOTAL General Revenue Fund	\$	100,625,421	\$ 98,721,896	\$	1,024,643	\$ 865,000

The Governor recommends \$168,440 to implement the associate circuit court provisions of SB 1 (1999) and \$696,560 to fully fund various circuit court programs partially funded for this fiscal year.

JUDICIARY SENIOR JUDGES

H.B. Sec. 14.240	OF	ERNOR'S RIGINAL MENDATION	 ORIGINAL APPROPRIATION		URRENT EQUEST	GOVERNOR RECOMMENDS		
PERSONAL SERVICE General Revenue Fund	\$	537,424	\$ 539,493	\$	75,000	\$	75,000	

The Governor recommends \$75,000 to implement the senior judge provisions of SB 1 (1999).

OFFICE OF THE GOVERNOR

H.B. Sec. 14.245	OVERNOR'S ORIGINAL MMENDATION	ORIGINAL APPROPRIATION		CURRENT REQUEST			GOVERNOR RECOMMENDS		
PERSONAL SERVICE General Revenue Fund	\$ 1,935,691	\$	1,930,053	\$		1	\$	5,638	

The Governor recommends \$5,638 to fund the exact salary recommendations of the Missouri Citizens'

Commission on Compensation for Elected Officials.

OFFICE OF LIEUTENANT GOVERNOR



The Governor recommends \$7,727 to fully fund the exact salary recommendations of the Missouri Citizens' Commission on Compensation for Elected Officials.

OFFICE OF THE SECRETARY OF STATE

H.B. Sec. 14.255	C	VERNOR'S DRIGINAL IMENDATION	_	ORIGINAL APPROPRIATION		JRRENT EQUEST	 GOVERNOR RECOMMENDS		
PERSONAL SERVICE General Revenue Fund	\$	10,377,906	\$	6,853,570	\$	1	\$ 4,524		

The Governor recommends \$4,524 to fully fund the exact salary recommendations of the Missouri Citizens' Commission on Compensation for Elected Officials.

OFFICE OF THE STATE AUDITOR

H.B. Sec. 14.260	-	OVERNOR'S ORIGINAL MMENDATION	ORIGINAL APPROPRIATION		JRRENT EQUEST	GOVERNOR RECOMMENDS		
PERSONAL SERVICE General Revenue Fund	\$	6,089,139	\$ 4,865,315	\$	1	\$	4,524	

The Governor recommends \$4,524 to fully fund the exact salary recommendations of the Missouri Citizens' Commission on Compensation for Elected Officials.

OFFICE OF THE STATE TREASURER

H.B. Sec. 14.265	OVERNOR'S ORIGINAL IMMENDATION	ORIGINAL ROPRIATION	CURRENT REQUEST			GOVERNOR RECOMMENDS		
PERSONAL SERVICE General Revenue Fund	\$ 1,447,931	\$	1,443,407	\$		1	\$	4,524

The Governor recommends \$4,524 to fully fund the exact salary recommendations of the Missouri Citizens' Commission on Compensation for Elected Officials.

OFFICE OF THE ATTORNEY GENERAL

H.B. Sec. 14.270	OVERNOR'S ORIGINAL OMMENDATION	ORIGINAL ROPRIATION	CURRENT REQUEST		 ERNOR MMENDS
PERSONAL SERVICE General Revenue Fund	\$ 12,048,531	\$ 9,521,998	\$	1	\$ 4,895

The Governor recommends \$4,895 to fully fund the exact salary recommendations of the Missouri Citizens' Commission on Compensation for Elected Officials.

JUDICIARY SUPREME COURT

H.B. Sec. 14.275	OVERNOR'S ORIGINAL MMENDATION	ORIGINAL ROPRIATION	 JRRENT QUEST	VERNOR)MMENDS
PERSONAL SERVICE General Revenue Fund	\$ 3,266,019	\$ 3,223,322	\$ 1	\$ 39,564

The Governor recommends \$39,564 to fully fund the exact salary recommendations of the Missouri Citizens' Commission on Compensation for Elected Officials.

JUDICIARY WESTERN DISTRICT COURT OF APPEALS



The Governor recommends \$57,233 to fully fund the exact salary recommendations of the Missouri Citizens' Commission on Compensation for Elected Officials.

JUDICIARY EASTERN DISTRICT COURT OF APPEALS



The Governor recommends \$72,842 to fully fund the exact salary recommendations of the Missouri Citizens' Commission on Compensation for Elected Officials.

JUDICIARY SOUTHERN DISTRICT COURT OF APPEALS

H.B. Sec. 14.290	(VERNOR'S DRIGINAL MMENDATION	ORIGINAL ROPRIATION	CURRENT REQUEST		 ERNOR MMENDS
PERSONAL SERVICE General Revenue Fund	\$	1,713,450	\$ 1,665,139	\$	1	\$ 36,421

The Governor recommends \$36,421 to fully fund the exact salary recommendations of the Missouri Citizens' Commission on Compensation for Elected Officials.

JUDICIARY CIRCUIT COURTS

H.B. Sec. 14.295	OVERNOR'S ORIGINAL MMENDATION	ORIGINAL PROPRIATION	CURRENT REQUEST		_	OVERNOR COMMENDS
PERSONAL SERVICE General Revenue Fund	\$ 99,683,061	\$ 97,779,536	\$	7	\$	2,011,374

The Governor recommends \$2,011,374 to fully fund the exact salary recommendations of the Missouri Citizens' Commission on Compensation for Elected Officials.

JUDICIARY COMMISSION ON RETIREMENT, REMOVAL AND DISCIPLINE OF JUDGES

H.B. Sec. 14.300	GOVERNOF ORIGINA RECOMMENDA	Ĺ (ORIGINAL ROPRIATION	CURREN REQUES		 ERNOR MMENDS
PERSONAL SERVICE General Revenue Fund	\$ 160),569 \$	155,622	\$	1	\$ 6,053

The Governor recommends \$6,053 to fully fund the exact salary recommendations of the Missouri Citizens' Commission on Compensation for Elected Officials.

GENERAL ASSEMBY SENATE

H.B. Sec. 14.305	OR	ERNOR'S IGINAL MENDATION	 SINAL PRIATION	CURRENT REQUEST		 /ERNOR MMENDS
PERSONAL SERVICE General Revenue Fund	\$	49,439	\$ 0	\$	1	\$ 49,439

The Governor recommends \$49,439 to fully fund the exact salary recommendations of the Missouri Citizens' Commission on Compensation for Elected Officials.

GENERAL ASSEMBLY HOUSE OF REPRESENTATIVES

H.B. Sec. 14.310	C	VERNOR'S DRIGINAL IMENDATION	 GINAL PRIATION	CURRENT REQUEST		 VERNOR OMMENDS
PERSONAL SERVICE General Revenue Fund	\$	237,018	\$ 0	\$	1	\$ 237,018

The Governor recommends \$237,018 to fully fund the exact salary recommendations of the Missouri Citizens' Commission on Compensation for Elected Officials.

CAPITAL IMPROVEMENTS

POLICY SUMMARY

Governor Carnahan recommends one-time revenues for higher education capital improvement projects, investments in vocational training facilities, expansion of Missouri ports, and other important needs. These investments are possible as a result of sound financial management and an expanding economy. Litigation currently under way regarding the total state revenue refunds owed under Article X of the Missouri Constitution could delay, reduce, or eliminate the availability of funds for capital improvement projects.

Missouri uses a biennial appropriations process for capital improvements. During the second year of the biennium, funding is provided for critical projects unforeseen at the time of the adoption of the biennial budget, projects required by legislation passed in the first year of the biennium, and for use of one-time resources that become available for major, one-time improvements in the state's infrastructure.

The Governor's Fiscal Year 2001 recommendations include \$155.3 million for projects that are summarized in Tables 1 and 2.

HIGHER EDUCATION FACILITY IMPROVEMENTS

Our colleges and universities are critical to preparing Missourians for the 21st Century. Missouri students develop their intellect and learn the skills necessary for success in the world of work through higher education. Faculty and researchers provide the inspiration and discovery that advance the frontiers of knowledge. The Governor's recommendations reflect the importance of maintaining our investment in the infrastructure of our higher education institutions. The table on page 20-3 shows the distribution by campus of \$137 million recommended for projects.

AREA VOCATIONAL SCHOOL CONSTRUCTION

High quality and accessible occupational training is vital to prepare individuals for employment or upgrade their job skills. The Governor recommends funding for eight projects to improve the quality of current vocational education programs, respond to increasing enrollment, and enable area vocational schools to be more responsive to their service area's training needs. The Governor recommends:

- \$2,500,000 to construct a new building to house culinary arts classrooms and Graff Area Vocational School offices at Ozarks Technical Community College.
- \$1,500,000 to construct a second wing for the Rolla Technical Institute to house surgical technician, dental technician and early childhood education programs.
- \$750,000 to construct a new addition to house auto mechanics and auto collision repair at the Poplar Bluff Career Center.
- \$500,000 to expand the marine service technology program facilities at the Lake Area Vocational Technical School in Camdenton.
- \$451,000 to construct a second level to the existing West Plains Area Vocational Technical School for a computer laboratory.
- \$332,500 to expand classrooms by 7,000 square feet for computer networking, interactive TV, and carpentry at the Clinton Area Vocational Technical School.
- \$225,000 to construct a new classroom to house air conditioning and refrigeration programs at the Kirksville Area Technical Center.
- \$91,000 to expand the area vocational school by 5,200 square feet for an electrical technology classroom and laboratory.

PROGRESS FOR MISSOURI PORTS

In conjunction with port authorities from across the state, the Department of Transportation has developed a five-year capital improvement plan for Missouri ports. State funding will provide 80 percent of project costs, while local entities will be responsible for the remaining 20 percent. Missouri ports allow the state to take prime economic advantage of the enormous natural assets we possess in the form of our navigable waterways. The ports permit effective waterborne commerce in Missouri through the transportation of numerous products. The Governor recommends \$6.1 million for the following projects:

- \$1,479,072 for harbor excavation by the New Bourbon Regional Port Authority.
- \$1,455,200 to develop 13.5 acres for industrial sites by the Southeast Missouri Regional Port Authority.
- \$974,757 for rail/port linkup improvements including purchase of right-of-way and construction of siding track by the Pemiscot County Port Authority.
- \$480,000 to purchase two 160,000 bushel grain bins and associated equipment for the Howard/Cooper County Regional Port Authority.
- \$400,000 to construct ten mooring dolphins, two sheds, and a four-acre storage area; and to conduct geo-technical and engineering surveys at the St. Joseph Regional Port Authority.
- \$400,000 for engineering studies and rail realignment, surface repairs, and curbing and grading by the Kansas City Port Authority.
- \$400,000 to widen 1,000 feet of harbor and stabilize the riverbank at the New Madrid County Port Authority.
- \$270,080 for dock repair at the municipal terminal for the City of St. Louis Port Authority.
- \$240,000 for engineering at a proposed port site on the River Des Peres for the St. Louis County Port Authority.

OTHER CAPITAL IMPROVEMENTS

State agencies need modern, well-maintained facilities to serve the public effectively. The Fiscal Year 2001 budget includes:

- \$2.7 million for construction of a new National Guard armory in Sedalia. This joint-use facility will be located on the Missouri State Fairgrounds and will include space for use by State Fair staff. Co-location should result in cost savings to the state, both in the form of construction and operating costs. And more important, co-location will permit personnel from the Guard and the State Fair to serve the public more effectively.
- \$2.3 million to plan and design a new laboratory for the Department of Health. While the existing 22-year old facility is in a good state of repair, the configuration of the building does not lend itself to the types of work the department must perform to protect public health. Also, the facility does not meet the space needs of the department and is subject to flooding.
- \$438,000 for Missouri's contribution for a World War II Memorial in Washington, D.C. The memorial will serve as a visible symbol of the sacrifices made by American veterans of World War II and the enormous debt that successive generations of Americans owe these guardians of liberty.
- \$370,000 to ensure completion of a Division of Youth Services facility in St. Louis.

HIGHER EDUCATION PROJECT RECOMMENDATIONS*



*Litigation currently under way regarding the total state revenue refunds owed under Article X of the Missouri Constitution could delay, reduce, or eliminate the availability of funds for capital improvement projects.







CHARTS AND TABLES

- Table 1 Fiscal Year 2001 Capital Improvements Summary Allocation by Category
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Missouri State Government Web Office of Administration Division of Budget & Planning

FY 2001 EXECUTIVE BUDGET

ELECTED OFFICIALS

FINANCIAL SUMMARY



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ELECTED OFFICIALS OFFICE OF THE CHIEF EXECUTIVE

FINANCIAL SUMMARY

	EX	FY 1999 PENDITURE	APF	FY 2000 PROPRIATION		FY 2001
Governor's Office and Mansion National Guard Emergency Association Dues Special Audits Governor's Mansion Preservation Advisory Commission Governmental Emergency Fund	\$	1.909.954 0 129.624 0 0 0 2.039.578	\$ \$	2.121.068 1 133.250 100.000 3.000 1 2,357,320	* \$	2.191.741 1 139.450 100.000 3.000 1 2,434,193
Personal Service Expense and Equipment Program Specific Distribution TOTAL General Revenue Fund	\$	1,517,456 522,122 0 2,039,578	<u> </u>	1,735,668 621,650 2 2,357,320	<u> </u>	1,806,341 627,850 2 2,434,193
Full-time equivalent employees		36.59		43.30		43.30

^{*} Does not include \$5,638 recommended in the Fiscal Year 2000 Supplemental Appropriations. See the Supplemental section of the Missouri Budget for details regarding Office of the Chief Executive supplemental appropriations.

GOVERNOR'S OFFICE AND MANSION

Article IV, Section 1 of the Missouri Constitution describes the duties and responsibilities of the Governor. This program includes the statutory salary of the Governor, funds for the personnel in the Governor's offices and the mansion, and the expense and equipment costs for the offices and mansion.

Fiscal Year 2001 Governor's Recommendations

• \$70,673 for pay plan.

NATIONAL GUARD EMERGENCY

The Missouri National Guard, when called to active duty by the Governor under Section 41.480, RSMo, has the authority to restore law and order and to assist in the disaster relief of any section of the state where circumstances exceed the resources of local civil authorities. The most common use of the guard has been for clean up and security following natural disasters such as a flood or tornado, and public action during a time of local disorder.

Fiscal Year 2001 Governor's Recommendations

Continue funding at the current level on an open-ended basis.

ASSOCIATION DUES

The National Governors' Association is an instrument of the governors of the 50 states. It is intended to influence the development and implementation of national policy and apply creative leadership to state problems. The Association works closely with the President and the Congress on state-federal policy issues from its offices in the Hall of the States in Washington, D.C. Through its Center for Policy Research, the association also serves as a vehicle for sharing knowledge of innovative programs among states and provides technical assistance to governors.

The Southern Governors' Association provides a forum of cooperation among governors of southern states to work together and with the federal government to meet the unique needs of the states in the region.

Fiscal Year 2001 Governor's Recommendations

• \$6,200 for National Governors' Association membership dues increase.

SPECIAL AUDITS

Section 26.060 authorizes the Governor to call for special audits of any entity receiving state funds when the public interest of the state will be served.

Fiscal Year 2001 Governor's Recommendations

Continue funding at the current level on an open-ended basis.

GOVERNOR'S MANSION PRESERVATION ADVISORY COMMISSION

The Commission is composed of widows of former Missouri Governors in accordance with Section 8.020 RSMo. The members receive a sum of \$3,000 per year for serving on the Commission.

Fiscal Year 2001 Governor's Recommendations

Continue funding at the current level.

GOVERNMENTAL EMERGENCY FUND COMMITTEE

Sections 33.700 through 33.730, RSMo create the governmental emergency fund, Governmental Emergency Fund Committee, and allocation procedures for appropriations of emergency funds. Funds from this appropriation may be allocated by a majority vote of the Governmental Emergency Fund Committee members for the purpose of meeting emergency and unanticipated requirements. The committee consists of the Governor, Commissioner of Administration, the chair and ranking minority member of the Senate Appropriations Committee, the chair and ranking minority member of the House Appropriations Committee, and the director of the Division of Design and Construction who serves as an ex officio consultant to the committee.

Fiscal Year 2001 Governor's Recommendations

Continue funding at the current level on an open-ended basis.

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ELECTED OFFICIALS LIEUTENANT GOVERNOR

Article IV, Section 10 of the Missouri Constitution describes the duties and responsibilities of the Lieutenant Governor. The statutory salary of the Lieutenant Governor and funds for the personnel and expense and equipment costs in operating the Office of the Lieutenant Governor are included in this program. The Lieutenant Governor presides over the Senate and serves as Secretary of the Board of Public Buildings.

Proposition C, passed by voters in November 1992, established the office of advocacy and assistance for the elderly in the Lieutenant Governor's Office. The proposition also made the Lieutenant Governor a member of the Tourism, Economic Development and Fund Commissioners Boards, and an advisor for educational programs.

Fiscal Year 2001 Lieutenant Governor's Office

• \$20,108 for pay plan.

	FY 1999 PENDITURE	FY 2000 ROPRIATION		FY 2001
Personal Service Expense and Equipment	\$ 254.923 45,586	\$ 329.832 68,063	8	340.108 77,895
TOTAL General Revenue Fund	\$ 300,509	\$ 397,895	* 9	418,003
Full-time equivalent employees	6.59	8.50		8,50

^{*} Does not include \$7,727 recommended in the Fiscal Year 2000 Supplemental Appropriations. See the Supplemental section of the Missouri Budget for details regarding Office of the Lieutenant Governor supplemental appropriations.

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ELECTED OFFICIALS SECRETARY OF STATE

FINANCIAL SUMMARY

	_	FY1999		FY 2000		
	E)	KPENDITURE	API	PROPRIATION		FY 2001
Administrative Services	\$	12,041,570	\$	16,340,669	\$	17,395,116
Local Records Grants	*	305,740	*	400,000	*	600,000
Refunds of Overpayments		6,457,709		5,400,000		100.000
Initiative Referendum and Constitutional						
Amendments Expense		1,213,680		100,000		1,000,000
Missouri Library Programs		6,653,274	_	8,191,900	_	9,041,998
TOTAL	\$	26.671.973	\$	30, 432, 569	\$	28.137.114
PERSONAL SERVICE						
General Revenue Fund		5,647,253		6,853,570		7,444,847
Federal Funds		283,538		478, 274		497, 482
Secretary of State's Technology Trust Fund Account		66,061		74,373		77, 205
Local Records Preservation Fund		675,879		821,568		854,096
State Document Preservation Fund		0		1		1
Secretary of State Institution Gift Trust Fund		90,791		115,576		120,095
EXPENSE AND EQUIPMENT						
General Revenue Fund		3,908,759		3,597,246		4,527,169
Federal Funds		114,275 0		227,574 2,932,655		227,568 2,932,654
Secretary of State's Technology Trust Fund Account Local Records Preservation Fund		227,341		327,427		397,424
Secretary of State's Investor Education Fund		50,000		327,427 0		397,424 O
Secretary of State Shivestor Education Fund Secretary of State Wolfner State Library Fund		33,037		35.000		35.000
Secretary of State Institution Gift Trust Fund		53,926		163,464		163,461
PROGRAM SPECIFIC DISTRIBUTION		,		,		,
General Revenue Fund		11,106,050		12,878,326		8,432,584
Federal Funds		1,966,759		1,500,000		1,800,006
Secretary of State's Technology Trust Fund Account		2,142,561		1		2
Local Records Preservation Fund		305.740		400.000		600.003
State Document Preservation Fund		3		27,514		27,514
Secretary of State Institution Gift Trust Fund	_	<u> </u>	_	0	_	3
TOTAL	\$	26,671,973	\$	30,432,569	* \$	28,137,114
General Revenue Fund		20,662,062		23,329,142		20,404,600
Federal Funds		2,364,572		2,205,848		2,525,056
Secretary of State's Technology Trust Fund Account		2,208,622		3,007,029		3,009,861
Local Records Preservation Fund Secretary of State's Investor Education Fund		1,208,960 50,000		1,548,995 0		1,851,523 0
State Document Preservation Fund		30,000		27.515		27.515
Secretary of State Wolfner State Library Fund		33.037		35.000		35,000
Secretary of State Institution Gift Trust Fund		144,717		279,040		283,559
Full-time equivalent employees		252.46		289.40		298.40

^{*} Does not include \$279,524 recommended in the Fiscal Year 2000 Supplemental Appropriations. See the Supplemental section of the Missouri Budget for details regarding Office of the Secretary of State supplemental appropriations.

ADMINISTRATION

The Office of the Secretary of State is organized as follows:

1. Administrative Services provides central budgeting, personnel, human resources, accounting, supplies, and mailroom services for all areas of the office. Responsibilities also include publication of the official manual of the state of Missouri, the Constitution, corporation laws, securities laws, the uniform commercial code manual, notary public laws, trademark laws, primary election returns, and the state

- and general assembly roster.
- 2. Executive Services provides central services such as communications and public relations and houses the executive staff. The Securities Commissioner administers the Missouri Uniform Securities Act.
- 3. Elections Services personnel prepare ballots, certify candidates, canvass elections returns, certify initiative petitions, and maintain the statewide voter registration database.
- 4. Record Services provides for the maintenance, retention, preservation, and disposal of official records of the state and local governments of Missouri.
- 5. Administrative Rules and Legal Services provide central services such as legal counsel and is the central filing office for all rules and regulations promulgated by departments of the State of Missouri.
- 6. Securities Services section works to protect Missouri investors from fraud and maintain an orderly securities market in the state.
- 7. Business Services administers the laws and filings of corporations and non-profit organizations. Additionally, the division is the central filing office and custodian of all filings on business and professional loans.
- 8. Information Technology Services provides support for information systems.
- 9. Library Services supports or works in concert with public, academic, and institutional libraries of the state with grant support, consultant services, development of criteria for establishment of libraries, collection development, resource sharing and coordination. The library serves as a research and reference library for state government and the legislature, and as the central outlet for census data information.
- 10. Wolfner Library for the Blind and Physically Handicapped provides a variety of Braille and large print books, talking books recorded on cassette and discs, as well as cassette and disc playback equipment for eligible blind, visually impaired, physically handicapped, and learning disabled citizens. Production of the materials, equipment, and postal charges for their distribution are provided by the federal government through the National Library Service. The state of Missouri pays for the cost of housing the collections of material and equipment for the staff to operate the service.

Fiscal Year 2001 Secretary of State's Office

- \$450,000 and one staff for two-year funding of the Missouri Historical Records Advisory Board to administer grants and serve in an advisory capacity to the Missouri historical records repositories, including \$150,000 general revenue.
- \$316,213 for a records center annex needed to store the plethora of records required by law.
- \$252,699 and 6.5 staff for Record Services, Securities Services, Business Services, and Administration Services operating increases.
- \$149,419 and one staff to implement the Secretary of State portion of HB 676 (1999) dealing with elections.
- \$114,867 and 2.5 staff for the Missouri State Library to implement its portion of HB 201 (1999).
- \$107,561 and three staff for Missouri State Library operating increases.
- \$90,000 local records preservation fund for expenditures related to projects with local governments to provide security and preservation
 of permanent records.
- \$60,000 for a three-year Lewis and Clark Project that will provide educational materials about Missouri's wilderness landscape prior to settlement.
- \$59,700 for a Record Services microfilm camera.
- \$25,000 for a replacement vehicle.
- \$337,200 for pay plan, including \$278,113 general revenue.
- (\$128,432) and (five) staff core transferred to the Department of Revenue for the corporate franchise tax operation.
- (\$779,780) core reduction for one-time expenditures, including (\$759,780) general revenue.

LOCAL RECORDS GRANTS

These funds are user fees designated for local records preservation. Missouri local governments submit proposals that address their specific needs in archives/records management. The Historical Records Advisory Board in concert with the Local Records Program Fiscal Grants Officer will establish priorities and implement and audit the return of money to local governments.

Fiscal Year 2001 Secretary of State's Office

• \$200,000 local records preservation fund to increase the grant-funded work for local government records security and preservation.

REFUND OF OVERPAYMENTS

The Secretary of State's Office collects fees for many of the services it provides and collects corporate franchise taxes. Refunds must be made for overpayments received.

Fiscal Year 2001 Secretary of State's Office

• (\$5,300,000) core reduction from the Fiscal Year 2000 appropriation level.

INITIATIVE REFERENDUM AND CONSTITUTIONAL AMENDMENTS EXPENSES

These funds are provided to allow for the publication of the texts of initiative petitions and referendums in newspapers prior to their consideration by the electorate of the State of Missouri. Payments are made in accordance with Chapter 125, RSMo for constitutional amendments and Chapter 126, RSMo for initiative petitions and referendums.

Fiscal Year 2001 Secretary of State's Office

• \$900,000 increase for initiative petition, referendum, and constitutional amendment expenses.

STATE AID FOR PUBLIC LIBRARIES

The Missouri Constitution authorizes the state to support and aid public libraries. Consistent with this authority and the procedure set out in Section 181.060, RSMo, the Missouri State Library distributes funds to eligible public libraries on the basis of population served by the library district. A public library becomes eligible for participation if it has voted a local tax of at least ten cents per one hundred dollars assessed valuation. Local libraries use state funds to supplement local support.

Fiscal Year 2001 Governor's Recommendations

• \$438,530 to increase state aid for public libraries and provide equalization funds for the poorest counties.

REMOTE ELECTRONIC ACCESS FOR LIBRARIES

The Remote Electronic Access for Libraries (REAL) project is designed to connect all public libraries in Missouri to each other and the Internet through dedicated data connections. Library patrons will have quick access to resources far beyond those available solely within their community.

Fiscal Year 2001 Governor's Recommendations

• \$375,000 to increase statewide licenses for additional electronic reference resources to be used by public libraries, higher education, elementary and secondary schools, and state agencies.

FEDERAL AID FOR PUBLIC LIBRARIES

The Missouri State Library administers federal grants under the federal Library Services and Construction Act. The library distributes funds to local public libraries for personnel, books, and other library materials, and for general operating expenses to develop and improve library services. In addition, funds are available to local groups of libraries for improving local library cooperation. All costs for cooperative projects except book purchases and building construction are eligible for funding.

Fiscal Year 2001 Governor's Recommendations

Continue funding at the current level on an open-ended basis.

LITERACY INVESTMENT FOR TOMORROW

The Missouri State Library serves as fiscal agent for the state literacy resource center, Literacy Investment for Tomorrow (LIFT) in St. Louis. The center promotes and develops resources for organizations that provide literacy services.

Fiscal Year 2001 Governor's Recommendations

Continue funding at the current level.

LIBRARY NETWORKING FUND

The Missouri State Library will implement provisions of SB 724 (1998) that provides revenue for distribution to public libraries for acquisition of library materials.

Fiscal Year 2001 Governor's Recommendations

• \$36,568 transfer increase to the library networking fund as authorized in SB 724 (1998). SB 724 authorizes the transfer of the nonresident entertainers and athletes income taxes to various entities.

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ELECTED OFFICIALS STATE AUDITOR

The State Auditor's Office performs audits of various state agencies, third- and fourth-class counties, other political subdivisions as required by petition, and claims made to the Office of Emergency Preparedness for reimbursement of disaster expenditures. Financial accountability, legality of financial transactions, and operational efficiency are examined in the audits. Audit reports are delivered to the Governor, the General Assembly, the auditee, and interested citizens. The State Auditor also registers all bonds as required by law; distributes accounting forms to the counties; files county budgets and municipal financial statements; processes federal levies and payroll sequestrations; provides research for the creation of permanent audit files; provides legal, organizational, and program research for county and state audits; and assists state, county, and local governments in establishing uniform accounting systems and procedures.

Fiscal Year 2001 Auditor's Office

- \$431,900 for nine staff to perform constitutional and statutory obligations.
- \$149,840 and three staff to continue a cost/benefit analysis of the tax credit and loan programs administered by the Department of Economic Development pursuant to HB 701 (1999).
- \$100,000 for additional privatization of certain audit work.
- \$36,000 to relocate staff within state office buildings.
- \$20,550 to purchase a vehicle.
- \$253,133 for pay plan, including \$188,253 general revenue.
- (\$21,780) core reduction for one-time expenditures.

		FY 1999		FY 2000		
	EX	PENDITURE	APP	ROPRIATION		FY 2001
DEFOCULATION OF THE PROPERTY O						
PERSONAL SERVICE	æ	4 470 047	æ	4.005.045	a	r 5500.070
General Revenue Fund	\$	4,478,917	\$	4,865,315	9	
Federal Funds		330,762		443,373		459,975
Gaming Commission Fund		4,305		56,651		58,651
Conservation Commission Fund		34,091		35,796		37,170
Parks Sales Tax Fund		17,026		17,877		18,563
Soil and Water Sales Tax Fund		16,381		17,200		17,866
State Highways and Transportation Department Fund		575,410		604,181		626,806
Petition Audit Revolving Trust Fund		44,248		537,584		558,511
EXPENSE AND EQUIPMENT		700.570		4 040 000		4 400 400
General Revenue Fund		726.578		1.219.300		1.489.100
Federal Funds		44.947		44.967		44.967
Gamina Commission Fund		22.580		22.580		22.580
Conservation Commission Fund		2.611		2.611		2.611
State Highways and Transportation Department Fund		24,678		24,678		24,678
Petition Audit Revolving Trust Fund		12,650		<u>52,616</u>		<u>52,616</u>
TOTAL	\$	6,335,184	\$	7,944,729 *	4	8,914,372
General Revenue Fund		5,205,495		6,084,615		6,989,378
Federal Funds		375,709		488,340		504,942
Gaming Commission Fund		26,885		79,231		81,231
Conservation Commission Fund		36,702		38,407		39,781
Parks Sales Tax Fund		17,026		17,877		18,563
Soil and Water Sales Tax Fund		16.381		17.200		17.866
State Highways and Transportation Department Fund		600.088		628.859		651.484
Petition Audit Revolving Trust Fund		56,898		590,200		611,127
Full-time equivalent employees		138.31		170.45		182.45

Does not include \$32,154 recommended in Fiscal Year 2000 Supplemental Appropriations. See the Supplemental section of the Missouri Budget for details regarding the Office of the State Auditor supplemental appropriations.

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ELECTED OFFICIALS STATE TREASURER

FINANCIAL SUMMARY



* Does not include \$129,524 recommended in the Fiscal Year 2000 Supplemental Appropriations, including \$4,524 general revenue. See the Supplemental section of the Missouri Budget for details regarding Office of the State Treasurer supplemental appropriations.

ADMINISTRATION

The State Treasurer is responsible for receiving and keeping state moneys, posting receipts to the proper funds, and signing warrants drawn according to law. As custodian of those funds, he determines the amount of state moneys not needed for current operating expenses and invests those funds in interest-bearing time deposits in Missouri banking institutions or in short-term United States government obligations. The Treasurer is required to give due consideration to the preservation of state funds and the comparative yields available. He also must determine whether the general welfare of the state is better served by investing state funds in United States securities or within the Missouri banking system.

The Treasurer also administers the state's unclaimed property law by collecting unclaimed or abandoned funds and property belonging to Missouri citizens and trying to locate the owners.

Fiscal Year 2001 State Treasurer's Office

- \$150,000 central check mailing service revolving fund on an open-ended basis for increased check mailing services to other state agencies.
- \$72,059 for pay plan, including \$55,625 general revenue.

ISSUING DUPLICATE CHECKS

This recommendation allows payment of claims against the state in cases where checks are not presented for payment within 12 months of issuance as required by law.

Fiscal Year 2001 State Treasurer's Office

Continue funding at the current level on an open-ended basis.

ABANDONED FUND ACCOUNT

In accordance with Section 447.543, RSMo, the abandoned fund account has the two-fold purpose of receiving deposits from financial institutions, business organizations, business associations, or insurance corporations on accounts that have remained unclaimed for a period of seven years by any person or persons authorized to receive the same and making the payment of valid claims. Any time the fund exceeds \$50,000, the Treasurer may, and at least once every year shall, transfer the excess to general revenue. If verified claims for payment should reduce the balance in the account to less than \$25,000, the Treasurer shall transfer from general revenue an amount sufficient to restore the fund to \$50,000.

Fiscal Year 2001 State Treasurer's Office

Continue funding at the current level on an open-ended basis.

LINKED DEPOSIT REFUNDS

The Linked Deposit program provides a mechanism for providing low-interest loans as specified in Section 30.750, RSMo. A certificate of deposit is placed by the State Treasurer with an eligible lending institution at up to three percent below market rate provided that the institution agrees to lend the value of the deposit at below the current borrowing rate. If the lending institution does not loan the full amount of the deposit, the institution must pay to the state the additional up to three percent discounted by the agreement. If a subsequent audit or review uncovers an overpayment error in the calculation of additional interest due, a refund must be made to the lending institution.

Fiscal Year 2001 State Treasurer's Office

Continue funding at the current level on an open-ended basis.

ISSUING OUTLAWED CHECKS

This recommendation allows replacement of state checks that are presented for payment more than five years after their date of issuance.

Fiscal Year 2001 State Treasurer's Office

Continue funding at the current level on an open-ended basis.

MISSOURI INVESTMENT TRUST

By law, the general pool of state operating funds can only be invested on a short-term basis. Several state funds within the general pool, due to their nature and purpose, are intended for long-term management and growth.

The Missouri Investment Trust was created by the enactment of Section 30.953 to 30.971, RSMo, effective August 28, 1997, to allow the State Treasurer to invest specified funds for long-term management and growth. A seven-member board of trustees chaired by the State Treasurer governs the Missouri Investment Trust. Conveyance of funds to the Missouri Investment Trust is subject to appropriation and legislative approval. No more than \$100 million in aggregate may be conveyed to the Missouri Investment Trust.

Fiscal Year 2001 State Treasurer's Office

• (\$734,137) Pansey Johnson-Travis memorial gardens trust fund core reduction from the Fiscal Year 2000 appropriation level.

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ELECTED OFFICIALS ATTORNEY GENERAL

The Attorney General takes legal action to protect the rights and interests of the state, defends or prosecutes appeals to which the state is a party, provides opinions regarding state law, and assists prosecuting attorneys in the prosecution of cases. The Office of the Attorney General has several responsibilities for which specific funds have been established by law.

Section 27.080, RSMo established the Attorney General's court costs fund to receive deposits and make payments of court costs in litigation requiring the appearance of the Attorney General. This fund is supplemented by a transfer from general revenue.

Section 416.081, RSMo created the antitrust revolving fund which is made up of deposits of ten percent of any court settlement of antitrust litigation involving the Attorney General. This fund is supplemented by a transfer from general revenue.

Chapter 287, RSMo provides for the Attorney General to charge the second injury fund for the cost of defending the fund.

Section 56.750, RSMo establishes the Missouri Office of Prosecution Services within the Attorney General's office. The Prosecution Services office is funded through fees assessed as court costs in all criminal cases. The office was established to develop uniform training and procedures for Missouri's prosecuting attorneys.

Fiscal Year 2001 Attorney General's Office

- \$860,000 federal funds for the Missouri Office of Prosecution Services for case management systems for criminal history reporting by prosecutors.
- \$486,446 merchandising practices revolving fund for five staff to create a High-Tech Crimes Unit to address increasing cyber crimes such as Internet and web fraud.
- \$233,650 anti-trust fund for four staff to expand the Anti-Trust Unit to more aggressively protect rural Missouri communities and Missouri consumers.
- \$228,400 second injury fund for four staff to manage the additional caseload associated with the increase in second injury fund claims.
- \$140,050 federal and other funds for two staff in the Missouri Office of Prosecution Services to implement a statewide case management system with criminal history reporting capabilities.
- \$100,500 for 2.5 staff to implement the Attorney General provisions contained within SB 141 and HB 343 (1999) for professional registration boards.
- \$61,975 for one staff to implement HB 852 (1999), which revised the sexually violent predator law.
- \$56,725 for one staff to work the increasing caseload of habeas lawsuits and federal habeas corpus litigation.
- \$30,000 Missouri office of prosecution services fund for pass-through registration fees.
- \$512,230 for pay plan, including \$375,592 general revenue.
- (\$34,200) core reduction for one-time expenditures.
- (\$28,985) transferred to the statewide leasing budget.



Does not include \$350,600 recommended in the Fiscal Year 2000 Supplemental Appropriations, including \$239,895 general revenue. See the Supplemental section of the Missouri Budget for details regarding Office of the Attorney General supplemental appropriations.





DEPARTMENT BUDGETS JUDICIARY

FINANCIAL SUMMARY



* Does not include \$3,163,487 recommended in the Fiscal Year 2000 Supplemental Appropriations. See the Supplemental section of the Missouri Budget for details regarding Judiciary supplemental appropriations.

POLICY SUMMARY

The Governor recommends \$165,450,109, an increase of \$17,439,388 over Fiscal Year 2000, to enable the Judiciary to fulfill its constitutional responsibilities.

AUTOMATING THE COURTS: The Electronic Courts 2004 project authorized in SB 420 (1994) is now being implemented statewide. The Governor's recommendation furthers implementation of the statewide court automation plan including:

- \$7,320,508 for 15.25 staff to install, maintain, and support caseload management and financial management systems statewide.
- \$500,000 for an interagency juvenile justice information system.

DRUG COURTS: HB 1147 (1998) allows every circuit court in Missouri to establish a drug court. Drug courts reduce crime by changing defendants' drug-using behavior. Early and repeated intervention in the defendants' behavior is time and labor intensive but cost effective if it results in lower recidivism. Supporting this approach to reducing crime, the Governor recommends:

\$1,021,665 for 11 staff to implement the drug court provisions of HB 1147 in five additional circuits and to expand services in three
circuits.

INNOVATIVE ALTERNATIVES TO DEAL WITH GREATER CASELOADS: Civil and criminal caseloads continue to grow rapidly. Case processing time standards, established by the Supreme Court in Administrative Rule 17, ensure that most cases will move through the courts rapidly and predictably. Traditionally the Judiciary has dealt with greater caseloads by requesting more support staff in an effort to concentrate judicial resources in the courtroom. Nationally the current trend is to keep cases out of the courtroom through mediation and case management. The Governor supports the Judiciary's efforts to ensure that citizens of Missouri are provided with speedy and efficient justice by recommending:

- \$308,446 for nine staff to create a unified family court in the 22nd Judicial Circuit.
- \$221,294 for three staff for an alternative dispute resolution pilot project.
- \$56,738 for one staff to coordinate volunteer services in Juvenile and Family Courts.

SUPREME COURT

The Supreme Court hears appeals in several categories of legal cases, handles original proceedings concerning extraordinary remedies, and exercises control over courts. The court discharges these duties by hearing oral arguments and interpreting and applying pertinent laws in order to decide cases on appeal. Lower courts are supervised through the promulgation and revision of rules. The court also licenses and disciplines attorneys of the state bar.

Fiscal Year 2001 Governor's Recommendations

- \$44,050 to maintain the historic character and appearance of the Supreme Court building.
- \$31,053 to maintain the Court's library.
- \$5,387 for increased dues to the National Center for State Courts.
- \$160,222 for pay plan.
- (\$7,514) core reduction for one-time expenditures.

OFFICE OF STATE COURTS ADMINISTRATOR

The Office of State Courts Administrator fulfills the administrative obligations of the Supreme Court which are mandated under the judicial article and the statutes. Staff of the office perform technical assistance, statistical analysis, financial system analysis, and continuing

education functions for the courts. The office assists in policy direction for the Statewide Judicial Information System (SWJIS), collects and analyzes caseload data from the courts, develops and operates appellate and circuit record-keeping systems, develops and operates administrative systems, prepares the judicial budget, and maintains the personnel system for the courts. A central transcribing service prepares typed transcripts from sound recordings when needed for appeals or other purposes as required by statute. The office processes payrolls for all state-paid circuit court employees and all other state expenditures of the Supreme Court and circuit courts.

Fiscal Year 2001 Governor's Recommendations

- \$7,320,508 for 15.25 staff to continue judicial automation.
- \$1,051,523 other funds for 11 staff to expand judicial education and training.
- \$500,000 federal funds for an interagency juvenile justice information system.
- \$110,256 federal funds for two staff to maximize IV-E juvenile reimbursements.
- \$56,738 federal funds for one staff to coordinate volunteer services in juvenile and family courts.
- \$339,537 for pay plan, including \$234,105 general revenue.
- (\$2,593,713) for (36.67) staff in core reduction for one-time expenditures, including (\$1,728,270) general revenue.
- (\$106,014) other funds for (three) staff in core reduction from the Fiscal Year 2000 appropriation level.

COURTS OF APPEAL

The Missouri Courts of Appeal are constitutionally and statutorily authorized courts charged with hearing and deciding original remedial writs and appeals from all the counties in the state. The courts consist of 11 appeals judges in the Western District, 14 appeals judges in the Eastern District, and 7 appeals judges in the Southern District.

Fiscal Year 2001 Governor's Recommendations

- \$133.517 for one-time carpet replacement in the Western District.
- \$61,038 for maintenance of the courts' libraries.
- \$41,000 for one-time courtroom renovation in the Eastern District.
- \$29,200 for one-time equipment replacement in the Western District.
- \$5,213 for a rent increase in the Southern District.
- \$548,505 for pay plan.
- (\$78,954) core reduction for one-time expenditures.
- (\$14,954) core reduction from the Fiscal Year 2000 appropriation level.



CIRCUIT COURTS

Circuit courts are established by Article V, Section 15 of the Constitution of Missouri. The boundaries, circuit number, and inclusive counties of the 45 circuits are established by Chapter 478 RSMo. The circuit court is the exclusive trial court in Missouri. It is comprised of circuit judges, associate circuit judges, and municipal judges. Municipalities under 400,000 population may, and those over 400,000 must, make provision for judges to hear municipal ordinance violations. If such provision is not made, municipalities will file such cases before an associate circuit judge.

Fiscal Year 2001 Governor's Recommendations

- \$2,472,951 to retain 119 staff currently funded with federal child support monies, including \$1,978,361 general revenue.
- \$1,056,960 for 11 staff to expand drug courts authorized in HB 1147 (1998).
- \$696,560 to fully fund various programs partially funded in Fiscal Year 2000.
- \$472,608 for seven staff to implement SB 1 (1999).
- \$412,224 for 16 staff to fully fund a juvenile detention center in the 2nd Judicial Circuit that was partially funded in Fiscal Year 2000.
- \$308,446 federal funds for nine staff to create a unified family court in the 22nd Judicial Circuit.
- \$221,294 federal funds for three staff for an alternative dispute resolution pilot project.
- \$9,793 for statutory salary increases for the county clerks of Taney and Newton counties.
- \$6,524,027 for pay plan, including \$6,505,467 general revenue.
- (\$2,472,951) federal funds for (119) staff in core reduction from the Fiscal Year 2000 appropriation level.

COMMISSION ON RETIREMENT, REMOVAL AND DISCIPLINE OF JUDGES

The Commission on Retirement, Removal, and Discipline of Judges, authorized in Article V, Section 27 of the Missouri Constitution, receives and investigates all requests and suggestions concerning retirement for disability and all complaints concerning misconduct of judges, members of the judicial commissions, and members of this commission. The commission is composed of two citizens who are not members of the bar and who are appointed by the Governor, two lawyers appointed by the governing body of the Missouri Bar, one judge of the Courts of Appeal selected by a majority of the judges of the Courts of Appeal, and one judge of the circuit courts selected by a majority of the circuit judges of this state.

Fiscal Year 2001 Governor's Recommendations

• \$14,278 for pay plan.

APPELLATE JUDICIAL COMMISSION

The Appellate Judicial Commission consists of a judge of the Supreme Court, one member of the bar from each appeals district, and one

citizen not a member of the bar from each appeals district. The commission considers vacancies in the office of judge of the Supreme Court or the Courts of Appeal. The Circuit Judicial Commission consists of the chief judge of the Courts of Appeal over the district, two members of the bar residing in the judicial circuit, and two citizens not members of the bar residing in the circuit. This commission considers vacancies in the office of circuit judge or associate circuit judge in those districts subject to nonpartisan selection of judges.

Fiscal Year 2001 Governor's Recommendations

• (\$11,100) core reduction for one-time election expenditures.

SENIOR JUDGE COMPENSATION

Legislation enacted in 1988 encouraged the use of senior retired judges to help alleviate the problems associated with rapidly growing caseloads in the circuit and appellate courts by providing compensation for their services. Senior judges are being used to increase the disposition rates in high-volume courts, in courts where there are temporary vacancies due to retirement and illness, and in individual cases where conflict of interest or other needs arise.

Fiscal Year 2001 Governor's Recommendations

- \$95,000 to implement the senior judge provisions of SB 1 (1999).
- \$2,700 for pay plan.





DEPARTMENT BUDGETS OFFICE OF THE STATE PUBLIC DEFENDER

FINANCIAL SUMMARY



POLICY SUMMARY

The Sixth Amendment of the U.S. Constitution assures that no person accused of a crime shall face trial without counsel because that person is unable to pay for legal assistance. The Office of the State Public Defender was established in 1982, in Chapter 600 RSMo, as a "system for providing defense services to every jurisdiction within the state by means of a centrally administered organization having a full-time staff." The State Public Defender System fulfills the constitutional guarantee of legal counsel to persons accused of criminal offenses in Missouri's 45 judicial circuits (embracing 114 counties and the City of St. Louis).

The Office of the State Public Defender, an independent department of the judicial branch of Missouri state government, is charged with providing legal defense for indigents accused of criminal offenses. Caseload has grown from 26,667 cases in Fiscal Year 1981 to 84,431 projected cases in Fiscal Year 2001, an increase of 217 percent. Homicide cases, which place extraordinary demands on public defenders, have increased substantially. In addition, scientific advances such as DNA testing have required the increased use of expert witnesses and independent lab tests.

A properly funded public defender system is essential to the swift and certain punishment of crime. The Governor's recommendations provide \$30,792,094, an increase of \$1,032,371, to enable the Office of the State Public Defender to continue to provide the constitutional guarantee of legal counsel.

Fiscal Year 2001 Governor's Recommendations

- \$308,177 for 3.25 staff to represent sexual predators at their civil commitment hearings as required by HB 852 (1999).
- \$825,147 for pay plan, including \$823,016 general revenue.
- (\$100,137) core reduction for one-time expenditures.
- (\$816) core reduction from the Fiscal Year 2000 appropriation level.





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DEPARTMENT BUDGETS GENERAL ASSEMBLY



* Does not include \$286,457 recommended in the Fiscal Year 2000 Supplemental Appropriations. See the Supplemental section of the Missouri Budget for details regarding General Assembly supplemental appropriations.

EXPENSES OF THE SENATE

Article III of the Missouri Constitution provides for the legislative branch of Missouri state government, consisting of the House of Representatives and Senate. The Senate is composed of 34 members elected for four-year terms.

The budget of the Senate includes funding for members' statutory salaries, travel reimbursement of 28 cents per mile, a per diem that is 80 percent of the federal per diem, now \$68.80, staff support, and interim committee expenses. The Senate appropriation also includes funds for the several joint committees.

Fiscal Year 2001 Request

- \$85,400 for the inaugural expenses.
- \$399,235 for pay plan.
- (\$296,000) core reduction for one-time expenditures.



EXPENSES OF THE HOUSE OF REPRESENTATIVES

Article III of the Missouri Constitution provides for the legislative branch of Missouri state government, consisting of the House of Representatives and the Senate. The House is composed of 163 members who are elected for two-year terms.

The budget of the House of Representatives includes funding for the members' statutory salaries, a per diem that is 80 percent of the federal per diem, now \$68.80, travel reimbursement of 28 cents per mile, and staff support.

Fiscal Year 2001 Request

- \$793,743 for pay plan.
- (\$1,530,000) core reduction for one-time expenditures.



INTERSTATE ORGANIZATIONS

Missouri's dues to the Council of State Governments, the National Conference of State Legislatures, and the National Conference of Commissioners on Uniform State Laws are paid from these funds, as are the expenses of the Governor's appointees to the National Conference of Commissioners on Uniform State Laws.

Fiscal Year 2001 Request

• \$8,534 for increased dues.

COMMITTEE ON LEGISLATIVE RESEARCH

Administration

In accordance with Sections 23.010 through 23.190, RSMo, a permanent joint committee of the General Assembly is established, comprised of the chair of the Senate Appropriations Committee and nine other Senators, and the chair of the House Budget Committee and nine other

Representatives. The Committee on Legislative Research has staff support to perform the following services for the members of the General Assembly:

- 1. Provide a research and reference service on legislative issues.
- 2. Make investigations into legislative and governmental institutions to aid the General Assembly.
- 3. Assist any interim legislative committee or commission created by the General Assembly.
- 4. Draft or aid in drafting bills, resolutions, memorials, and amendments.
- 5. Prepare fiscal notes for legislation introduced in either house of the General Assembly.
- 6. Conduct management audits and performance audits of state agencies.
- 7. Maintain a legislative library for a reference service to the General Assembly and public.

Fiscal Year 2001 Request

• \$73,015 for pay plan.

PUBLISHING REVISED STATUTES

Article III, Section 34 of the Missouri Constitution requires a complete reprinting of the Revised Statutes of Missouri at least every ten years. Funds are provided during interim years to publish cumulative supplements to the revised statutes.

Fiscal Year 2001 Request

- \$1,000,000 for publishing revised statutes.
- \$7,044 for pay plan, including \$1,951 general revenue.

INTERIM COMMITTEES

These are statutory committees composed of members of the House and Senate and, in some cases, gubernatorial appointees.

Fiscal Year 2001 Request

Continue funding at current level.

Budget & Planning Home Page Table of Contents

DEPARTMENT BUDGETS AGRICULTURE

FINANCIAL SUMMARY



* Does not include \$78,496 recommended in the Fiscal Year 2000 Supplemental Appropriations. See the Supplemental section of the Missouri Budget for details regarding Department of Agriculture supplemental appropriations.

POLICY SUMMARY

The Department of Agriculture's mission is to serve, promote, and protect the agricultural producers, processors, and consumers of Missouri's food, fuel, and fiber products. In 1997, Missouri's agri-business industry added over \$17.5 billion to the state's economy. Due to low prices for both commodity grains and livestock, farm income declined almost 70 percent in 1998. While there was some slight improvement in prices in 1999, severe drought reduced yields throughout the state. In 1998 Missouri's farmers spent down almost 45 percent of their liquid financial assets.

Following are some measures that show the extent of the farm crisis:



Governor Carnahan and the General Assembly responded to the farm crisis in 1999 by passing landmark agricultural legislation, HB 888 and SB 310. But as the crisis continues and deepens more needs to be done to ensure the survival of the family farm in Missouri. For Fiscal Year 2001, Governor Carnahan recommends a comprehensive plan to aid the Missouri farmer.

HELPING FARMERS HELP THEMSELVES: House Bill 888 (1999) expanded tax credit and value added agricultural programs in the Department of Agriculture. These programs are targeted at helping farmers develop new value added products and bring them to market. The department anticipates that new products and new uses for Missouri's agriculture production will emerge as new technologies emerge. To aid Missouri's farmers in developing new value-added products and creating new markets, the Governor recommends:

- \$405,000 for an agriculture innovation center to encourage new value-added products and uses for Missouri's agriculture.
- \$243,287 for three staff to implement HB 888 (1999).

ENHANCE THE VALUE OF AGRICULTURAL PRODUCTION: Missouri is among the nation's leading livestock producers, with livestock and related products accounting for \$2.4 billion of the state's agricultural receipts. Although Missouri ranks second in total number of farms and has the second largest cow/calf production in the country, our farmers receive \$1.50 less per 100 pounds of beef than the national average. A lack of transparency in market pricing has contributed to the impression that small producers are not receiving full value for their products. Further exacerbating the problem is the fact that small poultry and livestock producers cannot access the grocery store and restaurant trade due to the lack of federal USDA inspected slaughter facilities. To help maintain the strength of this vital industry, promote its continued growth, and ensure that small producers are not penalized, the Governor recommends:

- \$183,315 for three staff to implement a state meat inspection program.
- \$125,000 to continue the development of a statewide, multi-species, electronic animal identification and health care tracking system. This system is vital to sustaining exports of Missouri's livestock and poultry. The European Common Market and Mexico are already closed to certain livestock exports because Missouri cannot certify "farm of origin" information and health care tracking records for exported animals.
- \$90,228 for two staff to implement the price reporting provisions of SB 310 (1999).

CREATING A SUSTAINABLE FUTURE FOR AGRICULTURE: The primary challenge facing agriculture in Missouri is how to develop farming systems that are both ecologically sound and economically viable. Sustainable, profitable farming operations must rely more on productivity of the farmers and less on purchased inputs. To allow Missouri's farmers an opportunity to try innovative techniques to help preserve non-renewable resources, the Governor recommends an additional:

• \$99,040 to implement the sustainable agriculture demonstration grant provisions of SB 310 (1999).

Following is a performance measure the Department of Agriculture uses to evaluate growth in sustainable agriculture:



PROTECTING THE PUBLIC AND THE ENVIRONMENT: The petroleum inspection program has the statutory responsibility for regulating the safety of service stations, marinas, bulk storage plants, and other facilities that store and sell petroleum products. During Fiscal Year 1999 there were 1,218 spills involving petroleum products. To protect the environment, public, and property, the Governor recommends an additional:

\$186,372 to enhance petroleum emergency response and inspection services.

ENSURING FINANCIAL STABILITY: The Missouri State Fair, under the direction of a commission oppointed by Governor Carnahan, has made great strides towards financial self-sufficiency in the past few years. While large transfers from general revenue have been needed in the past to keep the state fair fees fund solvent, that is no longer the case. While no transfer is needed for normal operations in Fiscal Year 2001, Governor Carnahan recommends protecting the financial stability of the fair by providing:

• \$150,000 to be transferred to the state fair fees fund in the event of unforeseen major expenses or revenue shortfalls.

OFFICE OF THE DIRECTOR

The Office of the Director makes policy decisions on agricultural issues, sets the department's goals and priorities, and coordinates activities of the various divisions to achieve those goals. The Office of the Director includes administrative functions such as the fiscal office, support services, personnel, public affairs, data processing, and statistical services. The Office of the Director also includes the Executive Secretary of the Agriculture and Small Business Development Authority. The seven-member authority is empowered under Chapter 348, RSMo to issue bonds to make loans to beginning farmers and small businessmen at below-market interest rates. The authority also administers the single-purpose animal facilities loan guarantee program.

Fiscal Year 2001 Governor's Recommendations

- \$404,000 for the agriculture innovation center.
- \$398,900 for vehicle replacement, including \$26,360 general revenue.
- \$243,287 for three staff to implement HB 888 (1999).
- \$79,848 for .5 staff to implement the National Tobacco Growers Settlement Trust Agreement.
- \$27,000 to train information technology personnel, including \$12,550 general revenue.
- \$47,283 for pay plan, including \$43,955 general revenue.
- \$25,550 transferred from the Division of Grain Inspection and Warehousing.
- Four staff transferred to the Agriculture Innovation Center.
- (\$1,826,656) core reduction for one-time expenses, including (\$1,150,000) general revenue.
- (\$362,680) in core reductions from the Fiscal Year 2000 appropriation level, including (\$301,548) general revenue.
- (One) staff transferred to Plant Industries for the Gypsy Moth Program.

DIVISION OF MARKET DEVELOPMENT

The Division of Market Development operates the domestic and international marketing program, the AgriMissouri marketing program, the wine and grape program, and the agriculture development program. The domestic and international marketing program helps commodity groups promote Missouri agricultural products within the U.S. and throughout the world. Domestically, the program also operates a market price information network to help producers make better informed marketing decisions. Internationally, the program promotes Missouri agricultural products through economic development offices in Dusseldorf, Seoul, and Tokyo, and agricultural trade offices in Taiwan and Mexico. The AgriMissouri marketing program identifies and promotes Missouri-grown food and beverages. Examples include the use of an AgriMissouri logo on food products, the publication of an AgriMissouri Food Buyers Guide, and media advertising. The wine and grape marketing program promotes grapes, juice, and wine produced in Missouri using marketing development funds paid by Missouri grape and wine producers under Section 311.554, RSMo. The agriculture development program administers a wide range of programs including student loans and scholarships, guarantees and interest rebates on FFA and 4-H loans, grants to FFA chapters and 4-H clubs, financial counseling and management assistance through MO FARMS, and low-interest horticulture loans.

Fiscal Year 2001 Governor's Recommendations

- \$100,000 for farmers' markets.
- \$90,228 for two staff to implement the price reporting provisions of SB 310 (1999).
- \$41,956 for pay plan, including \$34,357 general revenue.
- \$12,000 transferred from the Division of Grain Inspection and Warehousing.
- (\$100,000) core reduction for one-time expenses.

The Division of Animal Health implements regulations and programs to protect Missouri's livestock, poultry, and other domestic animals from dangerous, infectious, or contagious diseases. This includes enforcement of regulations as required under Section 267.230 RSMo, which gives the director of the Department of Agriculture the authority to designate certain employees to intercept, stop, or detain for official inspection any vehicle carrying livestock in the state. Through control and elimination of diseases and diseased animals, the division enables Missouri's livestock and poultry to remain eligible for interstate and international export marketing. Diagnostic laboratories are maintained in Jefferson City, Cameron, and Springfield and additional professional services are contracted for with the University of Missouri-Columbia College of Veterinary Medicine.

Fiscal Year 2001 Governor's Recommendations

- \$183,315 for three staff for a state meat inspection program.
- \$125,000 to continue the development of a statewide, multi-species, electronic animal identification and health care tracking system.
- \$82,274 other funds to expand the services of the Animal Health Laboratory.
- \$76,809 for pay plan, including \$65,527 general revenue.
- (\$245,269) core reduction for one-time expenses, including (\$135,269) general revenue.
- (One) staff transferred to the Office of the Director for the Agriculture Innovation Center.

DIVISION OF GRAIN INSPECTION AND WAREHOUSING

The Division of Grain Inspection and Warehousing performs two functions to assist Missouri grain farmers and agribusinesses. The grain regulatory services program enforces the provisions of the Grain Warehouse Law, Chapter 411, RSMo, and the Grain Dealers Law, Sections 276.401-276.581, RSMo, to ensure grain producers that licensed grain warehouses and grain dealers are reputable businesses in sound financial condition.

The grain inspection services program provides official inspection and weighing of grain upon request to assist both grain farmers and grain businesses in the marketing of Missouri's corn, soybean, wheat, and other grain crops. The program covers all costs of operation by charging fees for services performed which are deposited in the grain inspection fee fund. The division also administers the commodity council merchandising and apple merchandising programs.

Fiscal Year 2001 Governor's Recommendations

- \$70,489 for pay plan, including \$22,552 general revenue.
- (\$25,550) transferred to the Office of the Director.
- (\$12,000) transferred to the Division of Market Development.
- (Two) staff transferred to the Office of the Director for the Agriculture Innovation Center.

DIVISION OF PLANT INDUSTRIES

The Division of Plant Industries operates five programs serving Missouri agriculture. The feed and seed program performs sampling and laboratory analyses of crop seeds and commercial feeds to ensure that they meet requirements for accurate labeling. The pesticide control program promotes the safe use of pesticides by licensing private and commercial applicators, conducting field inspections, and ensuring the proper registration of pesticides. The plant pest control program conducts inspections of nurseries, greenhouses, and other plant products to prevent the introduction and dissemination of insect, disease, and noxious weed pests which could be detrimental to plants and crops. The forest resources and weed control program inspects treated wood products to ensure that minimum preservation standards are met and assists county weed control boards in the control and eradication of Johnson grass, a noxious weed. The fresh fruit and vegetable inspection program performs shipping point and terminal market inspections of fresh produce to facilitate the sale of Missouri grown produce and ensure the quality of produce sold to consumers.

Fiscal Year 2001 Governor's Recommendations

- \$99,040 for .5 staff to implement the sustainable agriculture provisions of SB 310 (1999).
- \$70,811 for pay plan, including \$62,327 general revenue.
- One staff transferred from the Office of the Director for the Gypsy Moth Program.
- (One) staff transferred to the Office of the Director for the Agriculture Innovation Center.

DIVISION OF WEIGHTS AND MEASURES

The Division of Weights and Measures operates four programs and two laboratories to fulfill its goal of protecting consumers. The administration program processes all licenses, registrations, and fees collected. The scale, milk, and egg program inspects livestock market, grain elevator, highway vehicle, and small retail scales to ensure their accuracy. In addition, milk sales practices are monitored and shell eggs are inspected. Staff in the petroleum/propane/anhydrous ammonia program protect consumers against inaccurate gasoline pumps and unsafe practices by the retailer; inspect public institutions, industry, mobile homes, and LPG-converted vehicles to save lives and property from gas explosions; approve propane gas dispenser meters to prevent overcharges on fuel bills; and oversee anhydrous ammonia fertilizer installations. The moisture meter program protects Missouri farmers against unjustified discounts on grain sales due to inaccurate moisture content values.

The division's metrology laboratory certifies scale repair technicians; maintains all mass, volume, and length standards used by industry; and certifies all weights and measures devices used by the program inspectors. The petroleum laboratory performs chemical analyses of gasoline, diesel fuel, heating oil, and other fuels to ensure that quality specifications are met.

Fiscal Year 2001 Governor's Recommendations

- \$186,372 other funds to enhance petroleum emergency response and inspection services.
- \$87,373 for pay plan, including \$46,863 general revenue.
- (\$124,810) core reduction for one-time expenses, including (\$41,010) general revenue.

MISSOURI STATE FAIR

The Missouri State Fair is held annually in August on the state fairgrounds in Sedalia. The fair provides a showcase for livestock, agricultural products, commercial exhibits, and other displays. In addition, the fair offers a variety of entertainment and educational events. The fairgrounds also are available during the rest of the year for various types of exhibits, sales, meetings, and entertainment.

The aid-to-fairs premiums program provides 50 percent reimbursement of "youth class" premiums to more than 100 participating fairs.

Fiscal Year 2001 Governor's Recommendations

- \$33,660 other funds for two staff to improve groundskeeping and building maintenance.
- \$34,126 for pay plan, including \$8,758 general revenue.
- \$150,000 to be transferred to the state fair fees fund in the event of unforeseen major expenses or revenue shortfalls.
- (\$150,000) core reduction for one-time expenses.



STATE MILK BOARD

The State Milk Board oversees two programs to ensure that milk and milk products are safe for consumption. The State Milk Board contracts with one city and one county to provide sanitary inspections of Grade A milk. An inspection fee of five cents per one hundred pounds of Grade A milk is assessed and deposited in the milk inspection fee fund to cover all costs of the Grade A program. Approximately one-half of all Grade A milk is consumed as fluid milk with the remainder used for manufacturing purposes.

The State Milk Board also is responsible for the manufacturing grade milk sanitation program which enforces sanitation and quality standards for milk used only for manufacturing dairy products (such as cheese, butter, and ice cream). This program is funded from general revenue because inspection fees have not been assessed on manufacturing milk producers.

Fiscal Year 2001 Governor's Recommendations

- \$17,845 other funds for vehicle replacement.
- \$9,052 for pay plan, including \$5,407 general revenue.



FY 2001 EXECUTIVE BUDGET

DEPARTMENT BUDGETS CONSERVATION

FINANCIAL SUMMARY



POLICY SUMMARY

Overseen by the four-member Conservation Commission, the Department of Conservation works to manage, restore, conserve, and regulate the bird, fish, game, forests, and all other wild resources in the state. Along with this goal of creating healthy, sustainable plant and animal communities well into the future, the department also works to provide opportunities for all citizens to use, enjoy, and learn about Missouri plant and animal communities. As part of a long-range, strategic planning process, the department has met with citizens statewide to design an operations plan. Key areas of the plan address: public land and water, private land and water, information and public awareness, education and interpretation, research and monitoring, and regulation and enforcement.

The department carries out its duties through 12 major units: Fisheries, Wildlife, Forestry, Protection, Design and Development, Outreach, Administrative Services, Natural History, Human Resources, General Counsel, Internal Auditor, and the newly created Private Lands Services Program. The Conservation Department protects, preserves, and sustains forests and wildlife on the lands it owns and manages; however, the majority of Missouri land is in private hands (about 93 percent or 41.5 million acres). The Private Lands Services Program will reach out to more private landowners and work with them on a voluntary basis to improve conservation practices on their farms, forests, and land holdings. At the heart of this approach will be a cadre of private land conservationists living in local communities to deliver, upon request, conservation information, programs, and assistance to private landowners, large and small, Department employees will help private landowners maintain or improve the value they get from their land, while they optimize their property's fish, wildlife, and forestry habitats. The Governor recommends \$121,055,097 to support the department's efforts.

Following are some performance measures the Department of Conservation uses to evaluate its goal of protecting Missouri's fish, forest, and wildlife:



Fiscal Year 2001 Governor's Recommendations

• \$1,964,970 for pay plan.



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FY 2001 EXECUTIVE BUDGET

DEPARTMENT BUDGETS CORRECTIONS

FINANCIAL SUMMARY



POLICY SUMMARY

The Governor recommends \$499,586,987 to meet the Department of Corrections' obligations in the criminal justice system and provide appropriate incarceration, supervision, and treatment for offenders.

PUNISHING CRIME BY PROVIDING PRISON SPACE: Increasing prison capacity is crucial to controlling crime. Governor Carnahan has signed some of the toughest anti-crime bills in the country. As a result, Missouri law now requires dangerous, violent criminals to serve longer sentences than ever before and to spend no less than 85 percent of their sentences behind bars. Governor Carnahan's initiatives are aimed at ensuring that the state meets its fundamental obligation to protect our citizens from criminals, particularly violent criminals.

The success of Governor Carnahan's attack on crime is shown in the reduction of crime statewide. Since 1993 the violent crime rate in Missouri has declined by 26.1 percent, from 746.8 per 100,000 in 1993 to 551.9 per 100,000 in 1998. The number of murders statewide declined by 31.7 percent, from 587 in 1993 to 401 in 1998. Incarcerating violent criminals for longer periods has proven to reduce crime and increase public safety.

Judges and prosecutors throughout the state also responded to our citizens' call for tough action against criminals. During the last five calendar years, Missouri's inmate population has grown by 10,556 inmates or 4.49 inmates per day, an increase of 212 percent over the historic rate of 1.44 inmates per day. During calendar year 1999, the population grew at a rate of 3 inmates per day, an increase of 108 percent over the historic rate. The Governor's budgets have responded to the public's demand for protection by providing funding for 14,188 new prison beds. The Governor's Fiscal Year 2001 budget includes a total increase of \$1.6 million to meet the costs of the projected average daily inmate population of 26,530.

Following are some performance measures the Department of Corrections uses to evaluate its management of Missouri's inmate population:



CERTIFIED GRIEVANCE UNIT: In 1990 there were 1,957 active lawsuits by inmates against the Department of Corrections. Though the inmate population has expanded dramatically in the last few years, and the number of grievances in proportion to that growth, the number of lawsuits has remained the same or been reduced. Improved grievance procedures, instituted to meet federal certification requirements and procedures that require inmates to exhaust administrative remedies before filing a lawsuit, have enabled the department to avoid costly litigation while still addressing inmate concerns. For example, in 1998, of 31,097 informal resolutions requests received, 20,111 were resolved at the entry level; institution caseworkers reviewed 11,430 complaints and resolved 5,971; 4,801 of the remaining 7,459 cases were resolved at the division level; 2,327 were settled at the department level; and only 331 cases were referred to the Attorney General for final litigation. To ensure that grievances are addressed, the Governor recommends:

• \$156,800 for five staff and related expenses to continue these items funded in Fiscal Year 2000 from the Corrections growth pool.

Following is a performance measure the Department of Corrections uses to evaluate its ability to address inmate grievances and reduce frivolous lawsuits:



ADULT BASIC EDUCATION AND SUBSTANCE ABUSE TREATMENT: Governor Carnahan continues to work towards crime reduction by treating criminal behavior of offenders before they are reintroduced back into the community. Lack of education and substance abuse are key elements in criminal behavior. The department requires all offenders to obtain a GED before being eligible for parole. The Governor recommends:

• \$1,772,562 to fund the cost of adult basic education and substance abuse at the Western Reception and Diagnostic Correctional Center.

Following are some performance measures the Department of Corrections uses to evaluate its educational and substance abuse programs:



INCREASED SUPERVISION: The Board of Probation and Parole provides investigative services and recommendations to the courts, and supervises all probationers and parolees. The criminal justice system uses intensive supervisory strategies as appropriate alternatives to incarceration of offenders. As a result, the probation and parole caseload is expected to increase by more than 6,815 cases during Fiscal Year 2001. To continue tough and effective supervision, the Governor recommends:

• \$1.6 million to meet the rising probation and parole caseload for Fiscal Year 2001.

Following are some performance measures the Department of Corrections uses to evaluate the threat to Missouri citizens from repeat offenders:



OFFICE OF THE DIRECTOR

FINANCIAL SUMMARY



The director of the Department of Corrections provides guidance, coordination, and control of the four departmental divisions: Human Services, Adult Institutions, Offender Rehabilitative Services, and the Board of Probation and Parole. The Office of the Director consists of Director's Office; Deputy Director; Public Information; Office of Constituency Services; Planning, Research, and Evaluation; Internal Affairs; Fiscal Management; Information Systems; and General Services. Department-wide appropriations centralized at this level include inmate fund programs, telecommunications, fuel and utilities, food, inmate wage and discharge fund, security staff, the institutional expense and equipment pool, and federal programs.

Fiscal Year 2001 Governor's Recommendations

- \$5,177,229 for 23 staff and related expenses for Information Systems.
- \$3,500,000 for start-up expenses at Bonne Terre and Charleston, including \$3,000,000 general revenue.
- \$2,573,502 other funds for utility costs associated with Missouri Vocational Enterprise operations.
- \$2,242,022 for 75 staff and expenses for interim housing at Fulton Reception and Diagnostic Center.
- \$652,173 for fuel and utilities for the Charleston Correctional Center.
- \$60,033 for two staff and related expenses for certified grievance unit.
- · Eight staff for Information Systems.
- \$389,321 for pay plan, including \$369,254 general revenue.
- \$553,444 transferred from the Division of Adult Institutions to the Institutional Expense and Equipment Pool.
- \$478,200 transferred from the Division of Adult Institutions to Fuel and Utilities.
- \$334,318 for 11 staff transferred from the Western Reception and Diagnostic Correctional Center to General Services.
- \$126,440 for four staff transferred from the Western Reception and Diagnostic Correctional Center to the Office of the Director.
- \$91,540 transferred from the Division of Adult Institutions to Information Systems.
- \$85,000 transferred from the Division of Adult Institutions to Telecommunications.
- \$58,011 transferred from the Board of Probation and Parole to Information Systems.
- \$36,920 transferred from the Board of Probation and Parole to Fuel and Utilities.
- \$35,250 transferred from the Board of Probation and Parole to Telecommunications.
- \$1,437 transferred from the Division of Human Services to Information Systems.
- \$1,000 transferred from the Division of Human Services to Telecommunications.
- (\$83,163,814) for (3,441.72) staff transferred from the Institutional Security Pool to various adult institutions, including (\$82,584,711) general revenue.
- (\$28,850,002) core reduction for one-time expenditures, including (\$28,850,000) general revenue.
- (\$4,888,459) core reduction from the Fiscal Year 2000 appropriation level, including (\$4,678,264) general revenue.

DIVISION OF HUMAN SERVICES

The Division of Human Services consists of Training, Employee Health, Personnel, and Special Services. Training is responsible for training new staff and upgrading training for present staff. Employee Health consists of activities involving infectious disease control, wellness programs, and other items that relate to employee morale and well-being. Personnel coordinates hiring, promotions, and discipline in all four divisions to ensure professional and equitable treatment is available to all employees. Special Services coordinates volunteers, visits, chaplaincy services, introduces special events, and responds to victims' concerns through an Office for Victims Services.

Fiscal Year 2001 Governor's Recommendations

- Seven staff for human services functions.
- \$219,101 for pay plan.
- \$383,982 for 12 staff transferred from the Board of Probation and Parole.
- \$122,112 transferred from the Division of Adult Institutions.
- \$70,148 for two staff transferred from the Western Regional Diagnostic Correctional Center.

- (\$81,547) transferred to the Office of Administration for fringe benefits.
- (\$38,400) core reduction for miscellaneous expenses related to taking 600 beds off-line at the Algoa Correctional Center and the Western Missouri Correctional Center.
- (\$2,437) transferred to the Office of the Director.

DIVISION OF ADULT INSTITUTIONS

FINANCIAL SUMMARY



Fiscal Year 2001 Governor's Recommendations

- \$12,858,916 for 442.08 staff to continue operations at the South Central Correctional Center.
- \$138,984 for five staff to continue operations at the Boonville Correctional Center.
- \$96,775 for three staff to expand the certified grievance unit.
- \$7,672,834 for pay plan, including \$7,653,054 general revenue.
- \$9,446,787 for 390.72 staff transferred from the Institutional Security Pool to the Jefferson City Correctional Center, including \$9,269,315 general revenue.
- \$7,585,127 for 314 staff transferred from the Institutional Security Pool to the Western Missouri Correctional Center.
- \$7,246,937 for 300 staff transferred from the Institutional Security Pool to the Farmington Correctional Center.
- \$6,787,964 for 281 staff transferred from the Institutional Security Pool to the Northeast Correctional Center.
- \$5,507,672 for 228 staff transferred from the Institutional Security Pool to the Crossroads Correctional Center.
- \$5,249,131 for 217 staff transferred from the Institutional Security Pool to the Moberly Correctional Center, including \$5,097,012 general revenue.
- \$4,203,224 for 174 staff transferred from the Institutional Security Pool to the Potosi Correctional Center.
- \$4,082,442 for 169 staff transferred from the Institutional Security Pool to the Algoa Correctional Center.
- \$3,985,815 for 165 staff transferred from the Institutional Security Pool to the Tipton Correctional Center.
- \$3,961,659 for 164 staff transferred from the Institutional Security Pool to the Women's Eastern Reception and Diagnostic Correctional Center.
- \$3,647,624 for 151 staff transferred from the Institutional Security Pool to the Boonville Correctional Center.
- \$3,647,624 for 151 staff transferred from the Institutional Security Pool to the Central Missouri Correctional Center.
- \$3,575,156 for 148 staff transferred from the Institutional Security Pool to the Fulton Reception and Diagnostic Center.
- \$3,118,576 for 129 staff transferred from the Institutional Security Pool to the Missouri Eastern Correctional Center, including \$3,067,870 general revenue.
- \$2,608,898 for 108 staff transferred from the Institutional Security Pool to the Maryville Treatment Center.
- \$1,908,360 for 79 staff transferred from the Institutional Security Pool to the Western Reception and Diagnostic Center.
- \$1,835,891 for 76 staff transferred from the Institutional Security Pool to the Chillicothe Correctional Center.
- \$1,718,270 for 71 staff transferred from the Institutional Security Pool to the Ozark Correctional Center, including \$1,570,170 general revenue.
- \$775,400 for 32 staff transferred from the Institutional Security Pool to the Division of Adult Institutions, including \$724,694 general
 revenue.
- (\$3,118,932) for (128) staff in core reduction to take 600 beds off-line at the Algoa Correctional Center and the Western Missouri Correctional Center.
- (\$1,206,778) transferred from the Fulton Reception and Diagnostic Center to the Office of the Director.
- (\$750,000) core reduction of the Boone Terre bond payment.
- (\$284,790) for (10) staff transferred from the Western Reception and Diagnostic Correctional Center to Office of the Director.
- (\$101,555) transferred from the Fulton Reception and Diagnostic Center to the Office of the Director.
- (\$99,544) core reduction from the Fiscal Year 2000 appropriation level.
- (\$70,148) for (two) staff transferred from the Western Reception and Diagnostic Correctional Center to the Division of Human Services.
- (\$22,708) for (one) staff transferred from the Western Reception and Diagnostic Correctional Center to the Board of Probation and Parole.
- (\$15,544) for expenses transferred from the Division of Adult Institutions Central Office to the Office of the Director.
- (\$8,757) for expense and equipment transferred from the Eastern Reception and Diagnostic Correctional Center to the Office of the Director.
- (\$6,039) core reduction for one-time expenditures.
- (\$4,062) transferred from the Division of Adult Institutions Central Office to Human Services.



DIVISION OF OFFENDER REHABILITATIVE SERVICES

FINANCIAL SUMMARY



Fiscal Year 2001 Governor's Recommendations

- \$2,800,000 federal funds for medical costs.
- \$1,772,562 to continue JOBS for the Western Reception and Diagnostic Correctional Center and the South Central Correctional Center.
- \$1,353,000 other funds to expand Missouri Vocational Enterprise operations.
- \$1,271,466 other funds for 33 staff and related expenses for vocational education.
- \$798.890 for pay plan, including \$444.591 general revenue.
- (\$4,149,327) for (40) staff in core reduction from the Fiscal Year 2000 appropriation level.
- (\$2,051,327) other funds for one-time expenditures.
- (\$107,239) for (three) staff in core reduction to take 600 beds off-line at the Algoa Correctional Center and the Western Missouri Correctional Center.
- (\$44,100) for (one) staff and related expenses transferred to the Office of the Director.

BOARD OF PROBATION AND PAROLE

The Board of Probation and Parole provides a full range of supervision strategies to manage offenders who are on probation and parole. These strategies combine appropriate structure, control, treatment, and intervention to address the risk and needs of offenders in the community. In addition to supervision of offenders, staff provide assessments and investigations for the courts, parole board, and other states. These assessments and investigations assist the judges and parole board in making informed and appropriate decisions on cases before them. Through professional assessment and supervision, the board is able to identify and deliver a continuum of necessary services to address a complex offender population. The board also manages a range of alternatives, including community sentencing, the house arrest program, intensive supervision, and halfway houses.

Fiscal Year 2001 Governor's Recommendations

- \$1,614,133 for 41 staff and related expenses for population-driven workload partially funded in Fiscal Year 2000.
- \$2,593,292 for pay plan, including \$2,581,755 general revenue.
- \$2,271,258 for 94 staff transferred from the Institutional Security Pool to the Board of Probation and Parole.
- \$22,708 for one staff and related expenses transferred from the Western Reception and Diagnostic Correctional Center.
- (\$4,000,000) core reduction for community-based Corrections programs.
- (\$374,885) core reduction for one time expenditures.
- (\$383,982) for (12) staff and related expenses transferred to the Division of Human Services.
- (\$323,598) for leasing costs transferred to the statewide leasing budget.
- (\$255,039) for (four) staff and related expenses transferred to Office of the Director.
- (\$59,432) core reduction from the Fiscal Year 2000 appropriation level.



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FY 2001 EXECUTIVE BUDGET

DEPARTMENT BUDGETS DEPARTMENT OF ECONOMIC DEVELOPMENT

FINANCIAL SUMMARY



* Does not include \$528,985, including \$228,985 general revenue, recommended in Fiscal Year 2000 Supplemental Appropriations. See the Supplemental section of the Missouri Budget for details regarding Department of Economic Development supplemental appropriations.

POLICY SUMMARY

Governor Carnahan's Fiscal Year 2001 budget for the Department of Economic Development reflects a continued effort to make Missouri a world-class place to live and work. The department provides a wide array of services to enhance Missouri's business climate, to strengthen Missouri's workforce, and to improve communities.

Enhancing Missouri's Business Climate

Missouri's economy is vibrant as we enter the new millennium - with the unemployment rate at 2.3 percent in November 1999 compared to the national rate of 3.8 percent. However, the Missouri and national economy face challenge as they become more global, with an increased focus on technology and information. The Department of Economic Development is working to improve and market Missouri's assets and facilitate the continued growth of the state's economy. With a wide variety of programs and services, Missouri offers a positive and competitive climate in which to do business. Tax credits have been one successful incentive to attract business to Missouri. Credits such as the Historic Preservation Tax Credit, the Capital Tax Credit, Enterprise Zone Credit, and Community College New Job Training Credit have successfully contributed to the success of many economic development expansions within the state. Recently, the department has worked with its partners to identify the need for early-stage seed capital for small, start-up businesses. Seed capital provides entrepreneurs the opportunity to see their ideas developed and brought to market, thereby creating an economic environment conducive to growth. Through the New Enterprise Creation Act, the Missouri Seed Capital Investment Board will work with Innovation Centers located throughout the state to solicit funds to be used as seed capital for Missouri-based businesses. Tax credits for contributions to a qualified fund will be issued by the Department of Economic Development.

The department employs other effective economic development tools to encourage new and expanded business in Missouri. The Office of Business Information offers information on how to start a business in Missouri and information on current state business laws. The Office of Productivity helps Missouri businesses increase their efficiency, productivity, profitability, and wealth. The Office of International Marketing focuses on the development of international export sales of Missouri products and services. Another valuable source of assistance for Missouri businesses is the Mid-America Manufacturing Technology Center. Missouri funding is matched on a dollar for dollar basis by federal and private funds and is used to assist small- and medium-sized businesses in solving manufacturing process problems. Materials, services, facilities, and personnel are made available to assist businesses with "hands-on" engineering services and technical assistance.

To complement this type of business assistance, Governor Carnahan supports the Kansas City initiative to make Missouri the first inland state to have a federal international trade processing system deployed. Over the past several years, Kansas City leaders have worked to position the city as an inland port for overseas goods entering and leaving the Midwest. With the tremendous growth in trade among the United States, Canada and Mexico, Missouri has become even more significant for trade processing. Using existing technology, an inland trade processing center, such as the one envisioned for Kansas City, would enable the movement and processing of goods to and from Kansas City similar to how they are handled at traditional border crossings. This concept, if implemented, could save Midwest shippers as much as 20 percent according to officials at the U.S. Department of Treasury.

In addition to enhancing the business environment, the Department of Economic Development promotes and supports tourism, the second largest industry in Missouri. The state has many things to offer visitors, including multiple professional sports teams, famous landmarks, an abundance of scenic natural resources, and rich cultural diversity. Through award-winning marketing efforts, the department has seen increasing numbers of visitors to the state and works to continue the success of the tourist industry.

In the Fiscal Year 2001 budget, Governor Carnahan recommends:

• \$1,850,053 transferred to the division of tourism supplemental revenue fund to support tourism promotion per HB 188 (1993).

\$200,000 to support development of the "Kansas City Smart Port", an inland trade processing center.

• \$59,893 for one staff to administer the New Enterprise Creation Act Tax Credit program and support the Missouri Seed Capital Board (SB 518, 1999).

Following are some performance measures the Department of Economic Development uses to evaluate Missouri's economic prosperity:



Strengthening Missouri's Workforce

The U.S. Department of Commerce has reported that Missouri workers are 13 percent more productive than the national average. Seeking to build on this success, the Department of Economic Development is taking new approaches to prepare workers to meet the challenges of employment in the next century. Workforce experts predict the most pressing issue facing economic development for the new century is having a limited worker pool with skills that do not meet the needs of employers. While many employment and training programs focus on preparing workers for entry level jobs, the department also recognizes a need to promote development of high-skill, high-wage jobs with higher value to business. With higher wage jobs, more people are able to move out of poverty. While nationally the percentage of those living in poverty decreased 12.4 percent from 1994 to 1998, in Missouri the poverty rate decreased by 37.2 percent during the same time period, the largest decrease of any state in the union. The Division of Workforce Development continues to work with Missouri businesses to supply high-quality, dedicated employees that have earned Missouri a national reputation as a good place to do business.

A new federal law, the Workforce Investment Act of 1998, requires employment and training programs to be offered in the One-Stop environment and gives local workforce investment boards the ability to design their systems to match each area's unique needs. The Department of Economic Development provided services in a One-Stop environment prior to the passage of the federal law; however, the Workforce Investment Act will make it easier for the Department of Economic Development to design a workforce development system tailored specifically to the needs of Missouri workers. In Fiscal Year 2000, all employment and training programs in the Department of Labor and Industrial Relations were transferred to a new Division of Workforce Development within the Department of Economic Development. With this reorganization, Missouri seeks to provide a more effective workforce development system which offers greater access to employment opportunities, training, education, and career choices. By reorganizing the state workforce development system and assisting local workforce development areas with the development of local workforce development systems, the Division of Workforce Development strives to provide job opportunities that benefit both the workers and the businesses located in the state.

Both job seekers and employers are served at integrated One-Stop Career Centers. These career centers offer timely, easy-to-use information provided at one location so people can make informed career and business decisions without being shuffled from agency to agency. Job seekers will be able to access such services as: skills assessments, job search and placement, labor market information, assistance with filing unemployment insurance claims, and eligibility assistance information for welfare-to-work and student aid. Other more intensive services are available for applicants, based on certain eligibility criteria. Another important service offered at the One-Stop Career Centers is assistance to employers. By establishing relationships with employers, One-Stop Career Centers are better able to link job seekers with available jobs and employers are able to find employees who fit the job. Employers have a single-point of contact with the state and local agencies for labor market information, job development activities, recruitment assistance, employee testing, and numerous other programs designed to aid employers with filling vacancies.

Following are some performance measures the Department of Economic Development uses to evaluate Missouri's labor force:

DED Performance Measures for evaluation of Missouri's Labor force.



<u>Improving Missouri Communities</u>

A community is comprised of individuals who each contribute to the quality of life and continued improvement of their hometowns. The Community Development Group, within the Department of Economic Development, administers several programs that allow both urban and rural communities and neighborhoods to better utilize their own resources to improve economic performance, enhance the quality of life, and sustain economic growth. Missouri's rural communities and their economies have long been centered around agriculture. Unfortunately, as production agriculture is in crisis, rural communities are not sharing in the general economic growth of the state. Through the Rural Economic Assistance Program, administered by the Department of Economic Development, rural communities receive assistance to enhance their economic development. With funding from this program, communities are able to develop a blueprint, investigate new methods of enhancement, and invest in rural community and economic development in order to stimulate development and diversification. Expansion of this program will include value-added agricultural processes and technologically innovative industries as a response to the farm crisis.

The Community Development Block Grant (CDBG) Program assists both rural and urban communities by providing funding that enables communities to address urgent needs, with a significant impact on improving the quality of life for low- and moderate-income residents within the community. CDBG funds are awarded for a variety of purposes. In some instances, grants are used to install or relocate water and sewer lines or make road improvements in an area to facilitate the expansion or location of a business in the community. This, in turn, creates private investment, an increased tax base, and jobs. The CDBG program creates public/private partnerships between federal, state, and local governments, businesses, and communities, from which our neighborhoods benefit through self-sustainability and increased quality of life.

Some Missouri communities continue to see the development of blight and the abandonment of residential structures in distressed areas. Through the Rebuilding Communities and Neighborhood Preservation Act, the department administers tax credit programs to entice homeowners to rehabilitate their homes and developers to construct new homes for owner-occupants. Taxpayers who meet certain requirements are eligible for a state tax credit for a portion of the costs. The Neighborhood Assistance Program is another valuable tool for assisting communities. Through this program, assistance can be granted to a qualifying not-for-profit organization for a project that will help a

neighborhood deal with challenges to its existence as a viable and stable community. Eligible donors receive tax credits for residential rehabilitation and construction costs for properties located in distressed communities or defined census blocks. This helps stabilize neighborhoods and communities, as well as put many vacant properties back in use, thereby increasing property tax revenues in Missouri communities.

Strengthening communities includes much more than renovating buildings or building new structures, it also involves developing the human resources within the communities. The federally-funded AmeriCorps program, similar to a domestic Peace Corps, engages citizens of all ages in projects ranging from tutoring, youth mentoring, public safety, housing rehabilitation, health care, environmental issues, and disaster relief. It gives communities and neighborhoods valuable human resources for addressing their most pressing civic issues, and gives the individual a way to serve their country.

Another program designed to assist community members is the Family Development Account Program which assists disadvantaged families by giving them an opportunity to establish special savings accounts. These accounts may be used for education, job training, home ownership, home improvement, or small business capitalization. Tax credits are given to eligible donors who provide matching funds for the accounts.

In addition to providing a strong business environment and promoting volunteerism, strong communities also provide a solid base of cultural activities. The nonprofit arts industry is a major contributor to the state's economy, employing more than 7,000 people and generating more than \$326 million annually in economic activity. The cultural climate of a community is a significant factor in assessing the quality of life. Increasingly, state and local economies must compete for investment capital, skilled workers, and market opportunities needed to stimulate and sustain economic growth. Quality of life is widely regarded as a key factor in attracting and retaining businesses, investment capital, and a competent workforce; the arts play a critical role in this endeavor. State funding for the arts often attracts additional private investment in the arts and provides communities with management assistance programs and grants for local art programs.

In the Fiscal Year 2001 budget, Governor Carnahan recommends the following increases:

- \$295,973 for arts and humanities programs.
- \$272,779 for six staff to implement the Rebuilding Communities and Neighborhood Preservation Act (SB 20, 1999).
- \$242,500 to expand the Rural Economic Assistance Program.
- \$182,782 for three staff to administer the Family Development Account Program (SB 387, 1999).
- \$100,048 federal funds for two staff to enhance the work of the AmeriCorps Program.

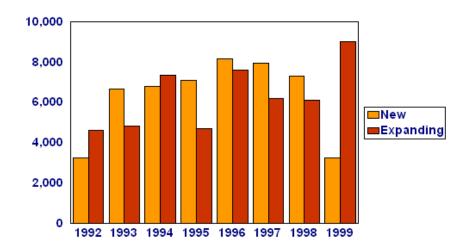
Following are some performance measures the Department of Economic Development uses to evaluate the vibrancy of Missouri communities:

	FY 1997	FY 1998	FY 1999
Number of low income individuals moving to adequate housing	2.968	5.270	11.158
Number of attendees at Missouri Arts Council events (millions)	11.3	8.5	10.0

INCREASING WEALTH FOR MISSOURIANS

New and expanded facilities in Missouri, who received assistance from the Missouri Department of Economic Development, created an estimated 8,301 jobs in 1999. This represents 7,203 jobs in companies that have expanded and 1,098 jobs that are a result of new operations. The graph below indicates the growth in jobs from 1992.

NEW AND EXPANDING INDUSTRIES Jobs Created in Missouri



BUSINESS DEVELOPMENT

The Department of Economic Development continues to provide timely and useful services to Missouri businesses through the Business Development Group which offers the following programs:

Office of Business Information - The Missouri Business Assistance Center, Missouri Product Finder, and the Arts and Crafts programs are operated by this office. Businesses are provided information on how to start a business in Missouri, current state business regulations, and correct state business development referrals.

Office of Business Finance - Increasing private investment in Missouri small businesses, incubators, and research activities, as well as leveraging investments, are the goals of several special programs in the Office of Business Finance. State tax credits and special loan programs such as Small Business Incubator Tax Credits, Research Expense Tax Credits, Small Business Investment Capital Tax Credits, Certified Capital Companies, Seed Capital Tax Credits, and the Urban Enterprise Loan Program are offered to eligible businesses.

Office of Productivity - Missouri businesses wishing to compete in a global economy often need assistance increasing their efficiency, productivity, profitability, and wealth. The Office of Productivity provides valuable resources to these businesses through Centers for Advanced Technology, Innovation Centers, Small Business Incubator Programs, the Mid-America Manufacturing Technology Center, and the Missouri Technology Corporation.

Office of International Marketing - This office focuses on the development of international export sales of Missouri products and services. Businesses may contact offices located in Jefferson City; St. Louis; Kansas City; Dusseldorf, Germany; Tokyo, Japan; Seoul, Korea; Guadalajara, Mexico; Singapore; Brazil; and Chile for assistance with international and domestic sales growth.

Office of Minority Business - Minority- and women-owned businesses are an important asset to Missouri business development. This office seeks to increase the number of successful minority- and women-owned businesses by providing various types of direct and personal assistance. These businesses may learn how to access Missouri and federal programs designed to help operate or start successful businesses, as well as how to identify and capture economic opportunities. In addition to acting as an advocate for minority and women-owned firms, the Office of Minority Business encourages government agencies and large corporations to purchase products, supplies, and services from these firms.

Fiscal Year 2001 Governor's Recommendations

- \$200,000 to assist in development of the Kansas City Smart Port an inland trade processing center.
- \$55,793 for one staff to administer the New Enterprise Creation Act Tax Credit Program and support the MO Seed Capital Board (SB 518, 1999).
- \$32,396 for pay plan, including \$28,209 general revenue.
- \$45,972 for one staff transferred from business expansion and attraction.
- (\$34,000) core one-time expenditures.

BUSINESS EXPANSION AND ATTRACTION

The Business Expansion and Attraction Group partners with communities and businesses to expand existing businesses and attract new business to Missouri. Success for this group is measured by increases in business investment in Missouri, in jobs available in Missouri, and in Missouri income. Assistance is offered through the following programs:

<u>Business Expansion Program</u> - Local contact is the preferred method of assisting businesses, and the Business Expansion Program achieves that through the regional offices. These offices serve as a focal point for in-state businesses to take advantage of the assistance programs offered by the state, including job training, financing, tax benefits, etc. Regional offices also provide support to businesses by responding to requests for project development assistance and coordinating development and program training processes. Local communities receive assistance with the organization of local economic development efforts from regional staff.

<u>Business Attraction Program</u> - On a world-wide basis, this group facilitates the identification and location of new industries and services into Missouri. Services may include presenting the state as a cost-effective and potentially profitable location for investment, working with local communities to offer a site or building to potential businesses, or providing other assistance to prospective companies.

Research and Development Program - Information is a valuable resource, particularly when attempting to attract and retain business in the state. The Research and Development Program provides a wide variety of research information including trade publications, business directories, target industry research, business climates, wages by occupation, labor reports, etc.

Incentives Program - This program administers the business financing and tax credit programs available to businesses as encouragement to locate or expand their business in Missouri.

Missouri Film Commission/Film Office - As the film production industry and the market for film increases nationwide, the Missouri Film Commission and Film Office work to promote Missouri as a production site for films and commercials. In addition to the direct economic impact associated with increasing film production in Missouri, ancillary benefits, such as increased tourism, may also be realized in the state.

<u>Business Promotion</u> - The mission of the Business Promotion Program is to design a marketing plan to inform business decision makers about the advantages associated with locating or expanding in Missouri, and to develop strategies to keep existing Missouri businesses informed of incentives available to them for improvements and expansions.

<u>Missouri Job Development Fund</u> - The Missouri job development fund allows the state to provide training to new and expanding businesses. Funding is also used to retrain employees of existing businesses to prevent plant shutdowns by both direct training and increasing ability to leverage federal funds.

<u>Missouri Community College New Jobs Training</u> - Created by Sections 178.892-178.896 RSMo Supp 1993, the Missouri Community College New Jobs Training Program provides an incentive for the creation of new jobs by providing education and training of workers for new or expanding industries by community college districts.

<u>Missouri Development Finance Board</u> - The Missouri Development Finance Board administers a range of financing programs for Missouri businesses, local governments, and state agencies. The board issues industrial revenue bonds or notes, provides loan guarantees to fund capital expansion projects, provides market rate or low-interest loans and grants to political subdivisions and public infrastructure improvements, and grants tax credits against certain state income taxes in exchange for contributions made to the board. The majority of its activities revolves around financing the start-up or expansion of small- and medium-sized manufacturing companies in Missouri.

Fiscal Year 2001 Governor's Recommendations

- \$64,750 for pay plan, including \$52,165 general revenue.
- \$37,365 for one staff transferred from administrative services.
- (\$45,972) for (one) staff transferred to business development.

COMMUNITY DEVELOPMENT

DED Community Development Financial Summary



COMMUNITY DEVELOPMENT

The mission of the Community Development Group is to increase the capacity of communities and neighborhoods to utilize their resources to raise the economic performance of disadvantaged communities. Capacity is increased by encouraging communities to establish long-term community development programs, economic development programs, and public/private partnerships that improve, strengthen, and diversify local economies and communities. This capacity building entails leadership development, planning, volunteer development, alternative economic development activities, infrastructure improvement, youth development, and enabling local investments directly tied to the needs of the community for enhancing the quality of life and preparing communities for economic, sustainable growth.

COMMUNITY DEVELOPMENT PROGRAMS

Community development programs help communities expand their economic base and improve the quality of life. Grants are awarded to help

revitalize communities. Tax credits are offered to help finance redevelopment costs. Youth crime prevention is promoted and regional offices assist all areas of the state.

Fiscal Year 2001 Governor's Recommendations

- \$272,779 for six staff to implement the Community Revitalization and Neighborhood Preservation Act (SB 20, 1999).
- \$182,782 for three staff to administer the Family Development Account Program (SB 387, 1999).
- \$91,848 federal funds for two staff to enhance the work of the AmeriCorps Program.
- \$68,962 for pay plan, including \$50,916 general revenue.
- (\$44,985) for one-time expenditures.

RURAL DEVELOPMENT GRANTS

The Rural Development Program, which includes the Rural Development Council and rural development grants, provides technical assistance and grants to communities with populations below 15,000. The grants are for job creation and retention, business attraction, and resource recovery.

Fiscal Year 2001 Governor's Recommendations

- \$242,500 for increased economic development assistance to local communities.
- (\$50,000) for one-time expenditures.

MISSOURI RURAL OPPORTUNITIES COUNCIL

The Missouri Rural Opportunities Council (MoROC) is one of numerous state rural development councils comprising the National Rural Development Partnership. Currently over 500 representatives of federal, state, local, and tribal governments, as well as the private for-profit and not-for-profit sectors, are brought together by MoROC. This neutral forum is designed to define and frame Missouri's rural issues, examine resulting barriers to rural development statewide, and collaborate in removing the impediments to an improved quality of life for all of rural Missouri.

Fiscal Year 2001 Governor's Recommendations

• \$2,023 federal funds for pay plan.

MISSOURI DEVELOPMENT FINANCE BOARD

The Missouri Arts Council (MAC) provides administrative support for the state art agency. As both a funding agency and a comptroller, MAC staff is charged with reviewing funding requests, allocating state and federal funds appropriated for arts programs, monitoring the expenditures of those funds, and providing technical and professional assistance to grantees.

A number of state programs provided by the MAC stimulate and support the arts, including program assistance awards. Statewide programs sponsored by MAC are: Community Arts, Touring Folk Arts, Artist-in-Residence, Visual Arts and Writer's Biennials, public information, and special initiatives. The Community Arts Program awards grants to help local arts councils present arts programs in non-metropolitan areas. The Touring Program provides technical and financial assistance to local arts organizations for tour dates that they book with Missouri visual and performing artists and arts groups. The Artist-in-Residence Program provides short- and long-term residencies for Missouri artists or ensembles in Missouri's elementary schools. Public information services include newsletters, workshops, and directories of community arts councils and artists. The Visual Arts and Writer's Biennials are two-year programs that alternately support, then exhibit, the work of selected Missouri artists. Program-assistance awards, which provide seed money, are made on a 50/50 matching basis to not-for-profit applicants throughout Missouri. Citizen advisory panels recommend the allocation basis for program-assistance dollars for each of the discipline areas (dance, music, etc.). Special initiatives, targeted projects initiated by MAC itself, include the African-American Cultural Initiative, arts education programs for Missouri public schools, and statewide conferences. The MAC also serves as an agent for a pass-through for the Missouri Humanities Council appropriation.

Fiscal Year 2001 Governor's Recommendations

- \$150,000 for the Missouri Humanities Council.
- \$40,000 to restore funding to the Fiscal Year 1999 level.
- \$26,360 for two vehicles.
- \$19,374 for pay plan, including \$10,290 general revenue.

ARTS COUNCIL TRANSFER

Section 143.183 RSMo allows for the transfer of 60 percent of state income tax revenues for nonresident, professional athletes and entertainers to the Missouri Arts Council Trust Fund.

• \$219,405 transferred to the Missouri Arts Council Trust Fund to fully fund the estimate for transfer of nonresident athlete and entertainer tax revenues to the Missouri Arts Council.

HUMANITIES COUNCIL TRANSFER

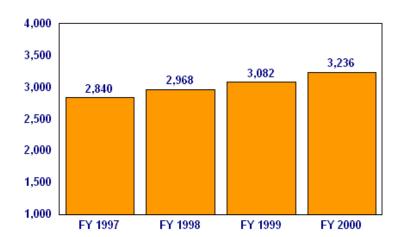
Section 143.183, RSMo allows for the transfer of 10 percent of state income tax revenues from nonresident, professional athletes and entertainers to the Missouri Humanities Council Trust Fund.

- \$36,568 transferred to the Missouri humanities council trust fund to fully fund the estimate for transfer of nonresident athlete and entertainer tax revenues to the Missouri Humanities Council.
- (\$150,000) core reduction offset by the \$150,000 increase mentioned in the Arts Council section above for the Missouri Humanities Council.

HELPING INDIVIDUALS SUCCEED IN EMPLOYMENT

The Workforce Development Group helps individuals locate, prepare for, and succeed in employment. It also works with employers to hire and retain workforce development program participants. In 1999, 3,082 individuals obtained a higher wage job than he or she was earning before entering the program. The graph below indicates results for 1997, 1998, and 1999 and outcome targets expected for 2000 and beyond.

PEOPLE WHO GET A HIGHER WAGE JOB



WORKFORCE DEVELOPMENT

FINANCIAL SUMMARY

	Ε)	FY1999 KPENDITURE	API	FY 2000 PROPRIATION	GOVERNOR ECOMMENDS FY 2001
Workforce Development Administration Workforce Programs Women's Council Caring Communities Special Employment Security Fund DIVISIONAL TOTAL	\$ -	2,146,753 54,425,195 255,435 0 0 56,827,383	\$ \$	23,471,598 49,550,000 509,544 250,000 216,000 73,997,142	\$ 22,602,872 51,000,000 163,126 250,000 216,000 74,231,998
PERSONAL SERVICE General Revenue Fund Federal Funds EXPENSE AND EQUIPMENT		93,139 1,471,782		145,545 18,583,670	150,768 19,124,013
General Revenue Fund Federal Funds Special Employment Security Fund PROGRAM SPECIFIC DISTRIBUTION		56,374 780,893 0		120,683 4,781,244 216,000	120,433 4,114,785 216,000
General Revenue Fund Federal Funds Youth Service and Conservation Corps Fund		0 54,425,195 0		83,333 49,516,667 550,000	83,333 49,872,666 550,000
TOTAL General Revenue Fund Federal Funds Youth Service and Conservation Corps Fund Special Employment Security Fund	\$	56,827,383 149,513 56,677,870 0	\$	73,997,142 349,561 72,881,581 550,000 216,000	\$ 74,231,998 354,534 73,111,464 550,000 216,000
Full-time equivalent employees		46.18		613.22	613.22

WORKFORCE DEVELOPMENT

The Division of Workforce Development was created in Fiscal Year 2000 to provide more accessible services in a more efficient manner. This

new division combines the operations of the former Division of Job Development and Training in the Department of Economic Development and the Job Service Program, Special Employment Security Fund, Employment and Training Payments, Retraining Payments, and Caring Communities from the Department of Labor and Industrial Relations. The Division of Workforce Development provides a well-balanced employment and training system, giving Missourians the opportunity to achieve their full career and employment potential through high quality programs. Missouri employers also benefit from a more competitive and better-trained workforce. The Job Service Program offers a network of services delivered in a customer-focused environment to help people find and retain employment. Services include provision of labor market information, career counseling, testing, and job readiness training. Job Service also assists employers in meeting their employment needs by referring qualified workers for job openings and providing information to help plan for future workforce needs.

WORKFORCE DEVELOPMENT ADMINISTRATION

Workforce Investment Act funds, along with federal Job Service Program funds, are administered by the Division of Workforce Development. These funds are targeted toward the economically disadvantaged, Temporary Assistance for Needy Families recipients, school dropouts, and dislocated workers.

Fiscal Year 2001 Governor's Recommendations

- \$39,540 federal funds for three vehicles.
- \$541,984 for pay plan, including \$1,641 general revenue.
- (\$1,450,000) federal funds core reduction from the Fiscal Year 2000 appropriation level.
- (\$250) for one-time expenditures.

WORKFORCE PROGRAMS

The mission of the federal Workforce Investment Act Program is to serve Missourians by: providing training and employment opportunities; establishing a flexible, coordinated, and decentralized training system; and coordinating these programs with other employment and training-related programs. The employment and training programs offered on a statewide basis include: Workforce Investment Act programs, Trade Adjustment Assistance Program, North American Free Trade Agreement programs, Rapid Response Program, Worker Reentry Program, Worker Profiling, Veterans programs, Mandatory Employment and Training Program, Experienced Worker programs, and the Missouri Youth Service Conservation Corps. Individuals who meet eligibility requirements for the programs may access services to make them more competitive in the workforce. Historically, the Division of Workforce Development, along with local service delivery areas, have provided a full range of services authorized under the Workforce Investment Act which are designed to prepare individuals with barriers to employment for the workforce. Services include referral to job openings, job readiness skills training, referral to classroom or employer training, as well as payment of support services such as transportation. The Missouri Training and Employment Council provides direction to the Division of Workforce Development on policies and procedures to ensure that local service delivery area programs comply with Workforce Investment Act financial and program requirements.

Fiscal Year 2001 Governor's Recommendations

- \$750,000 federal funds to complete implementation of the One-Stop Career Center electronic information system.
- \$700,000 federal funds to provide assistance to local workforce investment boards.

WOMEN'S COUNCIL

Through its meetings, staff support, and other activities, the Missouri Women's Council addresses the issues of expanding women's opportunities through education and training programs; occupational mobility in lower and middle employment levels; access to jobs with higher skill and managerial duties; small business opportunities; access to non-traditional skills through apprenticeships and vocational training; retraining programs and facilities for unemployed women, especially in growth sectors; federal or private funds and grants available for such employment and training programs; and studies, seminars, and conferences on related topics. The council also prepares an annual state needs assessment to identify problem geographic areas; establishes long- and short-term goal statements; inventories current federal, state, local, and private programs relating to women's economic needs; and prepares plans to address those problem areas.

Fiscal Year 2001 Governor's Recommendations

- \$3,582 for pay plan.
- (\$350,000) federal funds core reduction.

CARING COMMUNITIES PROGRAM

Caring Communities is an interdepartmental effort designed to deliver a wide array of human services in a locally-designed manner. Services such as employment, counseling, adult education, child care, health screenings, mental health, and other family and child-oriented services are delivered in a school-based or school-linked setting in an effort to make services more responsive to family needs. The Department of Economic Development has partnered with the Departments of Social Services, Health, Mental Health, Elementary and Secondary Education, and Corrections to assist local communities in developing decision-making bodies to design appropriate service delivery mechanisms.

Fiscal Year 2001 Governor's Recommendations

Continue funding at current level.

The special employment security fund is derived from interest and penalties collected under the provisions of the Missouri Employment Security Law. Expenditures from this fund are made in accordance with Section 288.310, RSMo, the Employment Security Law, which includes refunds of overcollected interest and penalties. The fund may also act as a revolving fund to cover allowable expenditures for which federal reimbursement is pending to acquire suitable office space for the division by purchase, lease, contract, or any other manner including purchase of land, erection of buildings, or assistance in financing the construction of any buildings for the division's use. Section 288.129, RSMo provides for federal interest payments on federal fund advances to the unemployment trust fund.

Fiscal Year 2001 Governor's Recommendations

Continue funding at current level.

DIVISION OF TOURISM

The Division of Tourism promotes Missouri's tourist attractions with direct media campaigns, vacation guides, and public relations efforts. The Division of Tourism also operates six tourism information centers at key entry points throughout the state and a seventh located in the Truman State Office Building in Jefferson City. Beginning in Fiscal Year 1995, the division has been funded with a portion of the growth in tax revenues on tourism-oriented goods and services as mandated by HB 188 (1993).

Fiscal Year 2001 Governor's Recommendations

- \$12,312 for pay plan.
- \$1,850,053 transferred to the division of tourism supplemental revenue fund per HB 188 (1993).
- (\$603,596) reduction from the Fiscal Year 2000 appropriation level per HB 188 (1993).

AFFORDABLE HOUSING

The Missouri Housing Development Commission (MHDC) was established in 1969 by the 75th General Assembly to assist in the creation of housing for low- and moderate-income people of Missouri. Section 215.020, RSMo states: "There is hereby created and established as a governmental instrumentality of the State of Missouri the 'Missouri Housing Development Commission' which shall constitute a body corporate and public."

MHDC generates multi-family rental production through a variety of funding sources including its own fund balances, the state's allocation of federal HOME funds, its authority to issue tax-exempt and taxable bonds, and state and federal housing tax credits. MHDC also offers single-family programs for qualified first-time homebuyers such as its Mortgage Revenue Bond Program which provides funds for mortgage loans at competitive interest rates and a Downpayment Assistance Program to assist in the purchase of a home. MHDC's affordable housing programs include Section 8 certificates and vouchers, HOME tenant-based assistance, MHDC's Rental Assistance Program, as well as several other rental assistance programs in partnership with the Department of Mental Health.

The Manufactured Housing Department, housed within the Public Service Commission, is required by Statute (Section 700.010 - 700.115, RSMo) to annually register manufacturers and dealers of manufactured homes and modular units; prescribe and enforce uniform construction standards for manufactured homes, modular units, and recreational vehicles manufactured and/or sold within the state; approve plans for modular units and recreational vehicles sold in the state; and enforce manufactured home tie-down requirements. There are 379 manufactured housing dealers and 13 modular unit dealers operating in Missouri.

Fiscal Year 2001 Governor's Recommendations

- \$12,100 other funds for pay plan.
- (\$115,182) other funds for one-time expenditures.

FINANCIAL INSTITUTION SAFETY AND SOUNDNESS

<u>Division of Credit Unions</u> - The Division of Credit Unions is statutorily responsible for the examination, supervision, and regulation of all state-chartered credit unions to determine the financial condition and management practices of each credit union and to correct unsound practices or violations of law or regulation.

<u>Division of Finance</u> - The Division of Finance has regulatory oversight authority of activities involving state-chartered banks and trust companies. The division also is responsible for licensing and regulating small loan offices, motor vehicle offices, financial institution offices, companies engaged exclusively in second mortgage lending, premium finance companies, and companies selling money orders. Beginning in Fiscal Year 1995, the division took over the responsibilities of the former Division of Savings and Loan. The division now has regulatory oversight authority over savings and loan associations and registers mortgage loan brokers.

Fiscal Year 2001 Governor's Recommendations

\$129,606 other funds for pay plan.

DIVISION OF MOTOR CARRIER AND RAILROAD SAFETY

The Division of Motor Carrier and Railroad Safety includes seven sections: office of the director; administrative law judges; enforcement; railroad safety; registration, audits, and research; general counsel's office; and support services. Primary duties include issuance of property carrier registrations, certificates, and permits of operating authority to transportation companies; enforcement of statutory insurance and safety requirements; and monitoring railroad safety. Two administrative law judges serving staggered, six-year terms individually exercise quasi-judicial authority in transportation cases. Due to the Federal Aviation Administration Authorization Act of 1994, beginning January 1, 1995, the division regulates the prices, routes, or services of motor carriers of household goods and passengers. The division's name changed from the Division of Transportation to the Division of Motor Carrier and Railroad Safety with the passage of HB 991 (1996) and SB 780 (1996).

Fiscal Year 2001 Governor's Recommendations

- \$76,267 federal and other funds for pay plan.
- (\$292,500) other funds for one-time expenditures.

UTILITY REGULATION

Office of Public Counsel - The Office of the Public Counsel is involved in the legal, accounting, financial, and economic aspects of utility ratemaking and regulation. Lawyers and technical staff analyze utility rate increase requests to advocate consumer rights in testimony and cross-examination in hearings held before the Public Service Commission.

<u>Public Service Commission</u> - The Public Service Commission regulates the rates, finances, safety, and quality of service of private, investor-owned telephone, gas, electric, water and sewer utilities, and the safety of rural electric cooperatives and municipally-owned gas systems. The commission is divided into four sections: executive, administration, general counsel, and utility.

The executive section is responsible for certain legal and administrative activities supporting the commission's statutory responsibilities, including hearing cases and issuing reports and orders. In addition, policy planning and analysis functions are conducted by the executive section to promote more active participation in federal proceedings and to provide technical assistance to the commission.

The administration division is responsible for internal operational functions related to purchasing, monitoring expenditures, preparing annual assessments of regulated utility companies, personnel and staff services, and manufactured housing. The administration division also files all commission administrative rules with the Secretary of State, reports official hearings, files and distributes all commission orders, and inspects dealer lots and manufacturing facilities of mobile homes to ensure compliance with federal standards and state law.

The general counsel assists the commission through preparation and presentation of expert staff testimony and exhibits, cross-examination in administrative hearings held before the commission, and representation of the commission in court cases involving appeals. The general counsel represents the commission in all proceedings before the Federal Energy Regulatory Commission, the Federal Communications Commission, and the Nuclear Regulatory Commission. The general counsel also drafts rules and procedures of the commission and commission-sponsored legislation.

The utility section consists of two divisions: utility services and utility operations. The utility services section advises and testifies before the commission on rate cases, performs field compliance audits, performs financial analysis, and is responsible for accounting and handling consumer complaints. The utility operations section provides analyses on utility construction, operation, safety, capacity expansion, tariff review, and rate design for electric, gas, water and sewer, and telecommunications utilities.

Fiscal Year 2001 Governor's Recommendations

- \$11,520 to provide adequate resources for payroll step elimination.
- \$290,673 for pay plan, including \$21,542 general revenue.
- (\$335,510) other funds for one-time expenditures.

PROFESSIONAL REGISTRATION

FINANCIAL SUMMARY



The Division of Professional Registration provides support services to 32 licensing agencies through various boards, commissions, committees, offices, and councils. Each conducts professional examinations, licenses qualified individuals, promotes legislation, publishes rules and regulations, and investigates complaints of misconduct of licensed members.

Fiscal Year 2001 Governor's Recommendations

<u>ADMINISTRATION</u>

- \$65,900 other funds for vehicle replacement.
- \$59,828 other funds and one staff transferred from the State Board of Registration for the Healing Arts.
- \$87,745 other funds for pay plan.
- (\$73,675) other funds for one-time expenditures.

STATE BOARD OF ACCOUNTANCY

- _
- \$37,117 other funds to cover the increased costs associated with licensing certified public accountants.

• \$6,597 other funds for pay plan.

STATE BOARD OF ARCHITECTS, PROFESSIONAL ENGINEERS, AND LAND SURVEYORS

- \$96,235 other funds to cover the increased costs associated with licensing engineers and land surveyors.
- \$8,668 other funds for pay plan.
- (\$18,928) other funds for one-time expenditures.

STATE BOARD OF BARBER EXAMINERS

Continue funding at current level.

STATE BOARD OF CHIROPRACTIC EXAMINERS

Continue funding at current level.

STATE BOARD OF COSMETOLOGY

Continue funding at current level.

MISSOURI DENTAL BOARD

- \$54,000 other funds to the Missouri Dental Board to contract for the creation of a Dental Well-being Committee (HB 343, 1999).
- \$13,180 other funds for vehicle replacement for the Missouri Dental Board.
- \$8,494 other funds for pay plan.

STATE BOARD OF EMBALMERS AND FUNERAL DIRECTORS

Continue funding at current level.

STATE BOARD OF REGISTRATION FOR THE HEALING ARTS

- \$51,275 other funds to the Board of Healing Arts to cover the increased costs of licensing physical therapists and physical therapy assistants.
- \$51,650 other funds for pay plan.
- (\$59,828) other funds for (one) staff transferred to Administration.
- (\$16,147) other funds for one-time expenditures.

STATE BOARD OF NURSING

- \$250,000 other funds to the Board of Nursing for contracted investigative services aimed at reducing the backlog of cases and meeting the statute of limitations.
- \$174,979 other funds to the Board of Nursing to pay fees associated with conducting an FBI background check on applicants.
- \$42,335 other funds to the Board of Nursing for increased costs in postage and printing, necessary to provide important information to applicants and licensees.
- \$26,360 other funds to the Board of Nursing for vehicle replacement.
- \$28,288 other funds for pay plan.
- (\$15,165) other funds for one-time expenditures.

STATE BOARD OF OPTOMETRY

Continue funding at current level.

STATE BOARD OF PHARMACY

- \$13,180 other funds to the Board of Pharmacy for vehicle replacement.
- \$15,694 other funds for pay plan.
- (\$36,945) other funds for one-time expenditures.

STATE BOARD OF PODIATRIC MEDICINE

Continue funding at current level.

MISSOURI REAL ESTATE COMMISSION

• \$25,714 other funds for pay plan.

MISSOURI VETERINARY MEDICAL BOARD

Continue funding at current level.

ADMINISTRATIVE SERVICES

Administrative Services coordinates the common activities of encouraging economic development. It also protects

and promotes the interests of Missouri citizens, provides support services to the agencies, and monitors fund accountability and program activities.

Fiscal Year 2001 Governor's Recommendations

- \$210,726 for pay plan, including \$63,381 general revenue.
- (\$17,500) for one-time expenditures.
- (\$37,365) for (one) staff transferred to business expansion and attraction.
- (\$900,000) core reduction from the Fiscal Year 2000 Appropriation level for the State Tax Increment Financing Program.

Budget & Planning Home Page

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Missouri Office of Administration
Email us.

FY 2001 EXECUTIVE BUDGET

DEPARTMENT BUDGETS ELEMENTARY AND SECONDARY EDUCATION

FINANCIAL SUMMARY



- * Does not include \$18,898,076 recommended in Fiscal Year 2000 Supplemental Appropriations. See the Supplemental section of the Missouri Budget for details regarding Department of Elementary and Secondary Education supplemental appropriations.
- ** The school district bond fund received the following transfers from the gaming proceeds for education fund: \$7,000,000 in Fiscal Year 1999 expenditure; \$8,500,000 in Fiscal Year 2000 appropriation; and \$7,000,000 in Governor recommends for Fiscal Year 2001.
- *** The outstanding schools trust fund received the following transfers from general revenue: \$360,000,000 in Fiscal Year 1999 expenditure; \$388,300,000 in Fiscal Year 2000 appropriation; and \$413,400,000 in Governor recommends for Fiscal Year 2001.
- **** The VIDEO fund received the following transfers from general revenue: \$1,212,451 in Fiscal Year 1999 expenditure; \$3,183,224 in Fiscal Year 2000 appropriation; and \$1,225,724 in Governor recommends for Fiscal Year 2001.
- ***** The state school moneys fund received the following transfers from general revenue: \$1,253,067,053 in Fiscal Year 1999 expenditure; \$1,470,945,108 in Fiscal Year 2000 appropriation; and \$1,665,360,934 in Governor recommends for Fiscal Year 2001. The state school moneys fund also received the following transfers from the gaming proceeds for education fund: \$137,506,801 in Fiscal Year 1999 expenditure: \$148,800,000 in Fiscal Year 2000 appropriation; and \$180,200,000 in Governor recommends for Fiscal Year 2001.

POLICY SUMMARY

Governor Carnahan's Fiscal Year 2001 budget demonstrates his continued commitment to education. The Governor recommends an increase of \$174.1 million to continue full funding of the foundation formula and At-Risk Program. Also recommended is an \$81.7 million increase in other state funds directly distributed to schools, including an additional \$5.8 million for Outstanding Schools Act reform programs.



OUTSTANDING SCHOOLS ACT: Governor Carnahan and the General Assembly worked together to secure passage of the Outstanding Schools Act in 1993. The act created a new, more equitable foundation formula, established reform programs to improve education in our schools, and provided accountability measures so that parents, employers, and others will know how well schools are educating students. A list of the key provisions in the act and the Governor's recommended funding levels are listed below.

Enhancing Equity for School Children

• \$174.1 million increase (9.7 percent) for the foundation equity formula and At-Risk Program, bringing total funding to \$2 billion. The Governor's budget continues to fully fund the more equitable school funding formula created by the Outstanding Schools Act. The Fiscal Year 2001 budget brings the total increase for the school foundation formula to \$1.1 billion since Fiscal Year 1993.

Preparing Our Students for Success

- A+ Schools \$2.7 million increase, bringing total funding to \$18.1 million. The A+ Schools Program helps high schools improve student performance and provides postsecondary financial incentives for students who might otherwise be unable to attend college. Fiscal Year 2001 funding will provide scholarships for approximately 5.520 eligible students.
- Parents as Teachers \$3.1 million increase, bringing total funding to \$30.3 million to provide screenings and parent education to
 families with children between birth and five years of age and to at-risk families. In Fiscal Year 2001, this program will provide
 developmental screenings for an estimated 150,000 children from birth through age four and parent education for an estimated 170,000
 families.

Ensuring Accountability and Innovation

• Performance-Based Assessments and Academic Performance Standards - \$840,000 increase for payment of local scoring costs and a

\$1.1 million increase for retesting low-performing students as required by HB 889 (1999). The Outstanding Schools Act requires a performance-based assessment system that requires students to demonstrate what they know and how well they can integrate and apply their knowledge. The academic performance standards are based on the knowledge and skills needed for students to succeed in post-secondary education and in the workplace.

- Performance Reports continue funding at \$25,000. Local school districts will publish annual performance reports with information
 about aggregate student assessment results, staffing ratios, high school dropout rates, and other important indicators of the school
 district's progress. In addition, the state will publish an annual report for each Missouri high school on the postsecondary achievements
 and job attainment of the school's graduates.
- Outstanding Schools Waivers no cost. Schools that consistently perform at exemplary levels in the statewide assessment system will be granted Outstanding Schools Waivers. These waivers of rules and regulations promote flexibility and innovation in the operations of the school, encourage efficiency, and promote school-centered decision making.
- Academically Deficient Schools funding included in the foundation formula increase. Schools that repeatedly fail to provide their students with an adequate education may be declared academically deficient. Funds will be made available through a portion of one percent of the foundation formula funding set aside for addressing statewide areas of critical need to help these schools recover from academic deficiency.
- Professional Development and Training for Educators funding included in the foundation formula increase. One percent of a school district's foundation formula money is to be allocated for professional development for teachers. Also, an additional one percent of the total foundation formula appropriation will be targeted to statewide areas of critical need.

ADVANCED PLACEMENT AND DUAL CREDIT INCENTIVES: The Governor recommends \$563,524 to recognize public high school students who perform at a "proficient" or "advanced" level on statewide assessments. School districts will be eligible to receive grants on behalf of eligible students. The grants will pay for courses that lead to college credit for these students.

NATIONAL BOARD CERTIFIED TEACHERS: The Governor recommends \$97,500 to support 100 additional Missouri teachers in improving their teaching skills and obtaining National Board Certification. To obtain this professional certification, teachers must meet high and rigorous standards and demonstrate their knowledge and skills.

Following are some performance measures the Department of Elementary and Secondary Education uses to evaluate student achievement:



* Math results for 1997, science and communication arts results for 1998, and social studies results for 1999 are based on voluntary administration of the assessment by about 350 of 525 districts. Mandatory administration, in which all districts participate, began in 1998 for math, 1999 for science and communication arts, and will begin in 2000 for social studies.

DIRECT STATE AID TO LOCAL SCHOOLS: Governor Carnahan's Fiscal Year 2001 budget includes \$3.3 billion in direct state aid to local public schools. In addition to the increase in the foundation formula and other programs discussed earlier, the \$255.8 million increase in direct state aid to local schools includes:

- \$16.5 million for full funding of the estimated cost of Transportation, bringing total funding to \$162.1 million.
- \$5 million for Special Education, bringing total funding to \$149.6 million. In addition to this increase in state aid for Special Education, federal funding available to local schools is expected to increase by \$13.5 million.
- \$1.5 million for full funding of the estimated cost of the Gifted Program, bringing total funding to \$24.7 million.
- \$1.8 million to fund salary supplements for teachers through the Career Ladder Program, bringing total funding to \$39.4 million.
- \$10 million for local schools to provide screening and therapeutic services to three- and four-year-old children with disabilities.
- \$1 million for Read to be Ready competitive grants with a focus on reading assessment and early grade intervention strategies as authorized by HB 889 (1999). In addition to this state aid, an estimated \$15 million in new federal Title II funding is anticipated to provide competitive grants to local schools to improve reading programs for children pre-kindergarten to third grade.
- \$3.3 million for the Early Childhood Development, Education and Care Program.
- \$1.4 million for payments to public schools for students placed by the Departments of Social Services and Mental Health.
- \$37 million from Proposition C sales tax revenue.
- \$1.1 million from Fair Share cigarette tax revenue.
- \$3.2 million for the Free Textbook Fund.

STATE AID TO LOCAL SCHOOL DISTRICTS (Not Including Desegregation)
(in millions)



IMPROVING EARLY CHILDHOOD CARE AND EDUCATION: Research has shown learning begins at birth and that early learning experiences have a decisive influence on brain development. Children who are not provided the opportunity for quality learning experiences may not develop crucial skills that significantly affect their ability to learn later in life. The Governor's Fiscal Year 2001 budget builds on the success achieved in recent years in initiatives to improve early childhood care and education. Statewide, the Governor recommends an increase of \$20.4 million to increase access to child care, improve the quality of child care, increase parental involvement in their children's early education, and improve children's health. Within the Department of Elementary and Secondary Education, the Governor recommends:

• Early Childhood Development, Education and Care Program - \$3.3 million increase, bringing total funding to \$21.3 million, for Jump

Start grants to schools and community partnerships to promote quality early childhood care and education for three- and four-year old children

- Early Childhood Special Education \$10 million for educational services provided to three- and four-year-old children with disabilities, bringing total funding to \$57.3 million.
- First Steps Program \$530,000 increase to provide early intervention services for developmentally delayed infants.
- Parents as Teachers \$3.1 million increase for developmental screenings and parent education.

Following is a key performance measure the Department of Elementary and Secondary Education uses to evaluate early childhood care and education.



* The Missouri School Entry Assessment was conducted for the first time during the 1998-1999 school year. The assessment is based on a statewide sample of kindergarten students and provides important information about what children entering Missouri's public kindergartens know and can do, as well as their preschool experiences.

STATE BOARD OPERATED SCHOOLS: The State Board of Education operates the Missouri School for the Deaf in Fulton, the Missouri School for the Blind in St. Louis, and 38 State Schools for the Severely Handicapped throughout the state. The Governor's Fiscal Year 2001 budget includes an increase of \$1.4 million for the state schools.

PERSONAL CARE ASSISTANCE: The Governor recommends \$2 million in savings redirected from nursing facilities and in-home providers to the less expensive Consumer-Directed Care Program and \$297,534 for a two-percent rate increase for the program.

ADULT BASIC EDUCATION - ENGLISH LANGUAGE SERVICES: The Governor recommends \$500,000 to provide English language services to non-native speakers who need assistance in learning English.

GAMING REVENUES FOR EDUCATION:

Lottery Proceeds for Education

During Fiscal Year 2001, \$154.5 million will be available from ongoing lottery revenues. Of this amount, \$69.1 million will support programs in the Department of Elementary and Secondary Education. More information about lottery funds can be found in the Higher Education section of The Missouri Budget.

Riverboat Gaming Proceeds for Education

All riverboat gaming proceeds in excess of the amount transferred to the school district bond fund must be transferred by law to the state school moneys fund for the foundation formula. For Fiscal Year 2001, the Governor recommends transferring \$7 million in gaming proceeds to the school district bond fund for use by the Missouri Health and Education Facilities Authority (MOHEFA) to pay costs associated with school bond issues and credit enhancement. The Governor recommends that the remaining \$180.2 million be transferred to the state school moneys fund.

GENERAL ADMINISTRATION

FINANCIAL SUMMARY



ADMINISTRATION

The Department of Elementary and Secondary Education is supervised by the State Board of Education which consists of eight members appointed for eight-year terms by the Governor with the advice and consent of the Senate. The board appoints the Commissioner of Education as its chief administrative officer.

The Division of Administration consists of the Missouri School Improvement Program, school finance, data processing, school food services, transportation, building services, school data, budget, personnel, and accounting sections. The school finance section determines each school district's share of the Foundation Program distribution and other sources of state aid. The school food services staff calculate payments to school districts for their food service programs. The division is also responsible for maintaining complete accounting records of department appropriations and expenditures and for providing financial reports to state and federal agencies.

Fiscal Year 2001 Governor's Recommendations

- \$643,571 for a school finance information systems upgrade.
- \$141,046 for pay plan, including \$91,980 general revenue.
- (\$18,300) for (one) staff core reduction from the Fiscal Year 2000 appropriation level.

STATE PUBLIC SCHOOL FUND

The state public school fund is a non-expendable trust fund consisting of all moneys, bonds, lands, and other properties belonging to or donated to the state for school purposes and the proceeds of all sales of land and other property that accrue to the state by escheat. Only the interest earned from the investments is appropriated for the support of public schools.

Fiscal Year 2001 Governor's Recommendations

COURT-ORDERED PAYMENTS

Court supervision of the St. Louis and Kansas City School Districts has ended. State desegregation payments in the Kansas City case ended in Fiscal Year 1999 pursuant to a settlement in 1997. With passage of SB 781 in 1988, local voter approval of matching funds in February 1999, and court approval in March 1999, St. Louis desegregation operating budget payments were ended in Fiscal Year 1999 while transfer costs and capital improvement payments will be phased out. Fiscal Year 2000 payments total \$53.5 million, with \$25 million for voluntary transfer costs and \$28.5 million for capital costs. The Fiscal Year 2001 budget includes \$25 million for capital outlays in St. Louis. As these payments phase out, savings will be redirected to the school foundation formula for the benefit of school districts across the state as required by state law.

Fiscal Year 2001 Governor's Recommendations

• (\$3,500,000) core reduction from the Fiscal Year 2000 appropriation level.

SCHOOL FOUNDATION PROGRAM DISTRIBUTION

The Outstanding Schools Act, SB 380 (1993), dramatically changed the way the state distributes money to schools. The foundation formula was revised to improve equity in educational funding for school children. The revised formula apportions money to school districts based on local effort as measured by the local property tax levy for school purposes and on local wealth. Increased local effort results in higher state funding, while increased local wealth results in lower state funding. Fully funded, the formula ensures that a one penny levy provides the same funding to 95 percent of all students from a combination of equity formula and local property tax revenues.

In addition, the Foundation Program includes funding for seven categorical add-on programs, including programs for special needs students, transportation, special education, gifted, career ladder, vocational education, and early childhood development programs. The students with special needs add-on provides extra funding to districts based on the number of students eligible for the federal Free- and Reduced-Price Lunch Program. While the money received for this program must be spent on programs for children with special educational needs, the local school district chooses which special needs programs will be funded.

The other categorical add-on programs have been funded in the past. However, the Outstanding Schools Act requires that if the formula is not fully funded, then these categorical add-on programs may not be fully funded. The new system protects against the equity formula being shortchanged and provides more equity in funding. The transportation add-on pays school districts up to 75 percent of the allowable costs of school bus and other transportation. The special education add-on pays districts to provide required educational services to students with disabilities. The special education add-on also includes funding for the Early Childhood Special Education Program that serves children ages three and four. The gifted program add-on provides up to 75 percent of the cost of instructor salaries and materials to provide appropriate opportunities for gifted students.

While the remaining categorical add-on programs were not part of the Foundation Program before passage of the Outstanding Schools Act, they have received state funding in the past. The Career Ladder Program was established in the Excellence in Education Act of 1985. This program provides an incentive to teachers, librarians, and counselors who voluntarily participate in professional development activities. The program provides for three career stages with salary supplements of up to \$1,500, \$3,000, and \$5,000 for stages I, II, and III respectively. Each stage requires the teacher to obtain a higher level of professional development. This program is financed by state and local matching funds. Each district's local match is determined by its wealth, as measured by its assessed valuation per pupil, with wealthier districts paying a higher local match.

The Early Childhood Development Program authorizes state reimbursement to school districts that provide any of three programs for preschool children: 1) developmental screening to measure the progress of children and to determine problems, potential problems, or advanced abilities in understanding, use of language, sight, hearing, motor development, health, and physical development; 2) parent education to provide resource materials and guidance to parents to improve learning in the home; and 3) programs for developmentally delayed children to provide individual and group counseling and learning activities to help these children catch up with their peers before entering school.

The Outstanding Schools Act moved state funding for vocational education programs in public school districts to the Foundation Program. The funds serve as an incentive to public schools to offer vocational education programs. However, some state vocational education funds are distributed to institutions of higher education, state agencies, and business establishments. A complete description of the vocational education distribution can be found later in this budget.

This appropriation also includes state funding for Missouri's State Board Operated Schools. This program is discussed in detail later in this budget.

Fiscal Year 2001 Governor's Recommendations

- \$146,548,757 other funds for the equity formula.
- \$27,508,449 state school moneys fund for the At-Risk Program.
- \$16,471,188 other funds for transportation.
- \$10,000,000 state school moneys fund for early childhood special education.
- \$5,000,000 other funds for special education.
- \$3,100,000 early childhood development, education and care fund for the Parents as Teachers Program.
- \$1,792,898 state school moneys fund for the Career Ladder Program.
- \$1,524,028 state school moneys fund for programs for gifted students.
- \$1,437,383 for State Board Operated Schools, including \$1,414,565 general revenue.
- \$102,819,884 core reallocation to state school moneys fund from general revenue.

• (\$102,819,884) core reallocation from general revenue to state school moneys fund. This reallocation does not reduce general revenue support for the School Foundation Program but will simplify the financial administration of these programs.

SCHOOL FOUNDATION PROGRAM DISTRIBUTION

FINANCIAL SUMMARY



EXCELLENCE RESEARCH

The Excellence Research Program provides for data gathering and research on the educational impact and effectiveness of new education programs being implemented. This program also provides and tracks data for the Missouri School Improvement Program.

Fiscal Year 2001 Governor's Recommendations

• (\$100,000) lottery proceeds fund core reduction from the Fiscal Year 2000 appropriation level.

PROFESSIONAL DEVELOPMENT FOR EDUCATORS

Teachers must have professional development opportunities to keep pace with changing student needs. Professional development includes funding for the Leadership Academy which provides professional development for school administrators. The Leadership Academy was established in recognition of the importance of the school leader's role in school improvement. The Leadership in Educational Administration Development Program includes the Satellite Academy and the Network for Women in School Administration.

Fiscal Year 2001 Governor's Recommendations

Continue funding at the current level.

SCHOOL FOOD SERVICES

This program reimburses school districts for food services to enable them to offer nutritionally balanced, low-cost meals for school children. Federal funds, required state matching funds, local funds, and commodities donated by the U.S. Department of Agriculture minimize the meal charge to children.

Fiscal Year 2001 Governor's Recommendations

• \$5,480,276 federal funds for school food services.

PERFORMANCE MEASURES

The Outstanding Schools Act required the State Board of Education to adopt academic performance standards and develop written curriculum frameworks that may be used by school districts. A set of standards developed by teachers was adopted by the State Board of Education in 1996. The curriculum frameworks have also been approved by the State Board of Education.

Fiscal Year 2001 Governor's Recommendations

Continue funding at the current level.

SCHOOL BUILDING REVOLVING FUND

The school building revolving fund represents the receipts of all forfeitures of assets for breach of penal laws. School districts may submit applications for lease purchases from the fund.

Fiscal Year 2001 Governor's Recommendations

Continue funding at current level.

SPECIAL SCHOOL ADVISORS

Missouri public school teachers who retired prior to July 1, 1957, may apply to become special school advisors and receive a salary supplement of up to \$75 per month from the state to bring their combined income from this program and teacher retirement benefits to \$150 per month.

Fiscal Year 2001 Governor's Recommendations

• (\$1,000) core reduction from the Fiscal Year 2000 appropriation level.

FAIR SHARE DISTRIBUTION

Tax receipts from four cents per cigarette pack are deposited in the fair share fund established by Section 149.015, RSMo. Funds are distributed to elementary and secondary schools on the basis of average daily attendance of the school district.

Fiscal Year 2001 Governor's Recommendations

• \$1,091,019 fair share fund for distribution to local schools.

SCHOOL DISTRICT TRUST FUND DISTRIBUTION

Proposition C provides a one percent sales tax for elementary and secondary education. Revenue generated by this tax is deposited in the school district trust fund and distributed based on the number of eligible pupils in each school district.

Fiscal Year 2001 Governor's Recommendations

• \$36,981,839 school district trust fund for distribution to local schools.

COUNTY FOREIGN INSURANCE TAX

The county foreign insurance tax represents the receipts of a two percent per annum tax levied on the direct premiums of insurance companies not based in Missouri but doing business in Missouri. One-half of the net receipts of the county foreign insurance tax from the previous year are distributed by the state to school districts on the basis of the number of school children within each county pursuant to Section 140.360, RSMo.

Fiscal Year 2001 Governor's Recommendations

• \$3,200,000 for distributions to local schools.

SCHOOL DISTRICT BOND INTERCEPT PROGRAM

SB 301 (1995) created the school district bond fund for use by the Missouri Health and Education Facilities Authority to pay costs associated with school bond issues and credit enhancement. The law allows up to \$7 million per year to be transferred from the gaming proceeds for education fund to the school district bond fund.

Fiscal Year 2001 Governor's Recommendations

• (\$1,500,000) school district bond fund core reduction from the Fiscal Year 2000 appropriation level.

FEDERAL GRANTS AND DONATIONS

The federal grants and donations appropriation provides authority to accept and make use of federal grants and donations that may become available during the fiscal year. The department will notify the House and Senate budget committees and the Office of Administration prior to acceptance of any new financial assistance or grants.

Fiscal Year 2001 Governor's Recommendations

Continue funding at the current level.

DIVISION OF INSTRUCTION AND DIVISION OF URBAN AND TEACHER EDUCATION

FINANCIAL SUMMARY



Includes administration costs for the Divisions of Instruction, Urban and Teacher Education, Special Education, and Vocational and Adult Education.

DIVISION OF INSTRUCTION AND DIVISION OF URBAN AND TEACHER EDUCATION

The Division of Instruction provides consultant services to administrators and teachers in the areas of instruction and curriculum development. The division classifies, accredits, and assists school districts in expanding or improving their curriculum and instructional programs. It administers three Outstanding Schools Act programs, the Incentives for School Excellence Grant Program, and provides payments and local program approval for the Early Childhood Development and the Video Instructional Development and Educational Opportunity Programs. The division also assists school districts in establishing and funding gifted education programs and administers the Missouri Scholars Academy. In addition, the division administers the following federal programs: Compensatory Education, Instructional Improvements Grants, Math/Science Instruction Grant, and Drug Abuse Education.

The Division of Urban and Teacher Education contains the teacher certification, technical assistance, and urban education sections. The division issues teaching certificates and conducts urban education workshops annually on crime, violence, and vandalism prevention in public schools. The division administers the Leadership Academy, the Career Ladder Program, and teacher education assessment.

Fiscal Year 2001 Governor's Recommendations

- \$265,782 for pay plan, including \$112,285 general revenue.
- (\$147,688) for (four) staff in core reduction, including (\$65,832) general revenue.
- (\$75,000) core reduction from the Fiscal Year 2000 appropriation level for the Rural and Urban Leadership Academy.
- (\$21,010) federal funds core reduction for one-time expenditures.

GOALS 2000: EDUCATE AMERICA ACT PROGRAM

The Goals 2000: Educate America Act was approved by Congress and the President in the spring of 1994. In the fall of 1994, Missouri became a Goals 2000 state. Federal funds provided through this program are distributed to school districts on a grant basis. The grants may

be used for developing school improvement plans or enhancing teacher pre-service and in-service education.

Fiscal Year 2001 Governor's Recommendations

Continue Funding at current level.

VIDEO INSTRUCTIONAL DEVELOPMENT AND EDUCATIONAL OPPORTUNITY PROGRAM

The Video Instructional Development and Educational Opportunity Program provides grants to local school districts and colleges to increase their course offerings through satellite television. Grants are funded from a sales tax on video rentals.

Fiscal Year 2001 Governor's Recommendations

• (\$1,932,361) VIDEO fund core reduction from the Fiscal Year 2000 appropriation level.

COMPUTER NETWORKING

The Outstanding Schools Act established a grant program to help school districts acquire computers, data transmission lines, networking hardware and software, science and mathematics laboratory equipment, and other equipment to promote the use of computers and telecommunications technology. Among other things, the grants will expand the computer network connecting school districts, school buildings, and classrooms across the state with each other and with other educational institutions throughout the world. This network will allow Missouri students to access information from libraries and universities worldwide.

Fiscal Year 2001 Governor's Recommendations

Continue Funding at current level.

COMPENSATORY EDUCATION

Federal funds are available to local schools under Title I of the Improving America's Schools Act for compensatory education. Entitlements are awarded to school districts, institutions for delinquents, state institutions for the disabled, and adult correctional institutions with inmates under the age of 21. The grants are used to fund programs in remedial math, language arts, and reading.

Fiscal Year 2001 Governor's Recommendations

Continue funding at the current level.

FEDERAL INSTRUCTIONAL IMPROVEMENT GRANTS

Under Title VI of the Improving America's Schools Act, states receive a percentage share of the federal appropriation based on the population ages 5 through 17 years. Up to 20 percent of the funds may remain at the state level. The remainder of the funds received by a state must be passed through to local educational agencies for purchasing instructional materials, funding guidance, counseling and testing programs, or staff development.

Fiscal Year 2001 Governor's Recommendations

Continue funding at the current level.

STEPHEN M. FERMAN MEMORIAL FOR EDUCATION OF THE GIFTED

Mr. Milton Ferman and Mrs. Frieda Morgan Ferman established the Stephen Morgan Ferman Memorial for Education of the Gifted. Donations were made in their son's name and the annual income may be expended through the state school moneys fund to enhance the educational opportunities of teachers of the gifted.

Fiscal Year 2001 Governor's Recommendations

Continue funding at the current level.

MISSOURI SCHOLARS AND FINE ARTS ACADEMIES

The Missouri Scholars and Fine Arts Academies are three-week summer sessions for gifted students. The purposes of the academies are to assist gifted students to achieve their full potential and stimulate the establishment and improvement of programs for gifted students.

Fiscal Year 2001 Governor's Recommendations

Continue funding at the current level.

MIDDLE SCHOOL LEADERSHIP ACADEMY

The Middle School Leadership Academy Program provides financial assistance for a three-day camp attended by approximately 70 middle level student leaders. The students selected for the camp gain skills to create a more positive school climate that can reduce violence and harassment.

Fiscal Year 2001 Governor's Recommendations

Continue funding at the current level.

NEW SCHOOLS PILOT PROJECTS

The Outstanding Schools Act established the New Schools Pilot Project to test new management systems for five years at three school sites in the state.

Fiscal Year 2001 Governor's Recommendations

(\$90,000) core reduction from the Fiscal Year 2000 appropriation level.

HIGH SCHOOL SCIENCE, MATHEMATICS AND TECHNOLOGY INSTITUTE

The High School Science, Mathematics and Technology Institute immerses approximately 150 students from most of the Kansas City area public, parochial and private high schools, and home-schooled students in an intense, three-year program sponsored by the University of Missouri-Kansas City.

Fiscal Year 2001 Governor's Recommendations

Continue funding at the current level.

NATIONAL GEOGRAPHIC SOCIETY

The National Geographic Society has developed a matching grant program to improve teaching techniques in geography. Funds are used to develop geography materials and curriculum. In addition, training workshops are conducted for Missouri teachers.

Fiscal Year 2001 Governor's Recommendations

Continue funding at the current level.

EARLY CHILDHOOD PROGRAM

The Early Childhood Program includes funding for Parents as Teachers through the Foundation Program. In addition, funds are provided for grants to schools and community partnerships for early childhood care and education programs.

Fiscal Year 2001 Governor's Recommendations

• \$3,250,000 early childhood development, education and care fund for grants for early childhood services.

INCENTIVES FOR SCHOOL EXCELLENCE PROGRAM

The Incentives for School Excellence Program was established by the Excellence in Education Act of 1985. The program provides variable match grants to school districts to promote initiatives for excellence in education. The State Board of Education may designate a portion of the appropriation as a competitive match-free incentive. The program is designed to improve student learning and encourage replication of successful programs.

Fiscal Year 2001 Governor's Recommendations

• (\$3,762,000) lottery proceeds fund core reduction from the Fiscal Year 2000 appropriation level.

STUDENT ASSESSMENT PROGRAM

The Outstanding Schools Act requires the Department of Elementary and Secondary Education to develop a statewide assessment system for districts to determine the degree to which their students are proficient in the knowledge, skills, and competencies necessary to be successful in the workplace and postsecondary education. The assessment must show what students can do as well as what they know.

Fiscal Year 2001 Governor's Recommendations

- \$1,108,497 for retesting low-performing students.
- \$840,000 for local scoring costs.
- (\$600,000) core reduction from the Fiscal Year 2000 appropriation level.

ADVANCED PLACEMENT AND DUAL CREDIT INCENTIVES

The budget includes funds to recognize public high school students who perform at a "proficient" or "advanced" level on statewide assessments. School districts will be eligible to receive grants on behalf of eligible students. The grants will pay for courses that lead to college credit for these students.

Fiscal Year 2001 Governor's Recommendations

• \$563,524 for reimbursements to students scoring proficient or above on the math, science, and communications arts assessments.

FEDERAL MATH/SCIENCE GRANTS

The federal Eisenhower Math and Science Program authorizes grants to state and local education agencies for math and science instructional improvements. School districts have used the funds to upgrade the skills of math and science teachers, acquire or improve curricula, and to purchase instructional equipment. The 1998 Reading Excellence Act authorized a competitive grant available to state educational agencies to

provide competitive grants to local school districts for additional reading services to children pre-kindergarten to third grade.

Fiscal Year 2001 Governor's Recommendations

• \$15,000,000 federal funds for Reading Excellence Act competitive grants.

SAFE AND DRUG FREE SCHOOLS GRANT

The Department of Elementary and Secondary Education is eligible, on behalf of schools or groups of schools, for federal assistance under Title IV of the Improving America's Schools Act. The objectives of this program are to establish or designate local or regional advisory councils on drug abuse prevention; to establish or augment age-appropriate, developmentally-based drug abuse education and prevention programs for students; and to coordinate school-based drug abuse programs with other programs in the community and with state and local health, drug and alcohol abuse, and law enforcement agencies.

Fiscal Year 2001 Governor's Recommendations

Continue funding at the current level.

SAFE SCHOOLS GRANTS

The Safe Schools Grant Program is designed to help school districts implement safe school strategies to meet local needs. The grants can be used to purchase devices to improve physical security; to work with local police departments to provide police officers in the school buildings; to develop other programs to increase security; and to place violent, abusive, and disruptive students in alternative education settings.

Fiscal Year 2001 Governor's Recommendations

Continue funding at the current level.

PUBLIC CHARTER SCHOOLS PROGRAM

The Public Charter Schools Program was established to increase the understanding of the charter schools model by providing federal financial assistance for the design and initial implementation of charter schools. Grants are awarded for planning, program design, and initial implementation of a charter school.

Fiscal Year 2001 Governor's Recommendations

- \$1,140,000 federal funds for the charter schools program.
- \$200,000 for an evaluation of charter schools as required by SB 781 (1998).

SCHOLARSHIP PROGRAM

The Scholarship Program established by the Excellence in Education Act of 1985 provides \$2,000 non-renewable scholarships to teacher education students. The department provides \$1,000 of the cost of each scholarship with \$1,000 provided by the participating college or university.

Fiscal Year 2001 Governor's Recommendations

Continue funding at the current level.

MISSOURI COUNCIL ON ECONOMIC EDUCATION

The Missouri Council on Economic Education educates teachers in basic economic concepts and how to use those concepts in the classroom through ten centers for economic education located on Missouri's college and university campuses.

Fiscal Year 2001 Governor's Recommendations

Continue funding at the current level.

CARING COMMUNITIES PROJECT

The four major child-caring agencies of state government (Elementary and Secondary Education, Social Services, Health, and Mental Health) have led the development of the Caring Communities Project which is a cooperative effort between a community and state agencies to maximize the impact of educational and youth services systems on children. The Caring Communities Project goals for children and youth are to remain in school while increasing their levels of success, to remain safely in their homes while avoiding out-of-home placement, and to remain out of the juvenile justice system.

Fiscal Year 2001 Governor's Recommendations

Continue funding at the current level.

READ TO BE READY PROGRAM

HB 889 (1999) established the Read to be Ready Program to provide matching competitive grants to schools to focus on reading assessment, teacher administration, and training in the use of reading assessment and early grade reading intervention strategies for students experiencing reading difficulties.

Fiscal Year 2001 Governor's Recommendations

• \$1,000,000 for Read to be Ready competitive grants.

COMPREHENSIVE SCHOOL REFORM

The Comprehensive School Reform demonstration initiative authorizes a research-based reform program that will allow grant awards to public schools for the implementation of whole-school, research-based reforms that gualify for funding.

Fiscal Year 2001 Governor's Recommendations

• \$3,750,000 federal funds for Comprehensive School Reform programs.

FEDERAL ADVANCED PLACEMENT

The federal Advanced Placement Program assists eligible low-income children in taking Advanced Placement exams for college credit.

Fiscal Year 2001 Governor's Recommendations

• \$62,250 federal funds for Advanced Placement exam fees for eligible students.

NATIONAL BOARD FOR PROFESSIONAL TEACHING STANDARDS

Obtaining National Board Certification is a rigorous process that requires teachers to demonstrate they are knowledgeable and highly skilled. This funding is to assist and encourage Missouri teachers to apply for National Board Certification, by subsidizing the cost of the application fee and reimbursing local schools for the cost of substitute teachers while the applicants are away from their classrooms.

Fiscal Year 2001 Governor's Recommendations

• \$97,500 to assist 100 teachers to apply for National Board Certification.

DIVISION OF VOCATIONAL REHABILITATION

FINANCIAL SUMMARY



DIVISION OF VOCATIONAL REHABILITATION

The Division of Vocational Rehabilitation provides services to Missourians with disabilities to help them overcome handicaps to employment. Counseling, training, and medical services are provided based on the specific needs of each client. Vocational rehabilitation counselors evaluate each client and prepare an individual rehabilitation plan.

Fiscal Year 2001 Governor's Recommendations

- \$32,280 federal funds to replace two vehicles.
- \$658,806 for pay plan, including \$2,022 general revenue.
- \$100,955 federal funds transferred from the Independent Living grant.
- (\$90,370) core reduction for one-time expenditures, including (\$24,710) general revenue.

VOCATIONAL REHABILITATION GRANT

The purpose of the Vocational Rehabilitation Program is to provide job training, medical assistance, and other services to individuals with disabilities to help them function effectively in the job market. To be eligible for vocational rehabilitation services, a person must have a physical or mental disability that interferes with his or her ability to obtain or hold employment and have a reasonable chance of being able to work in suitable employment if appropriate services are provided. Federal funds with state match are used to fund individual programs for disabled Missourians.

Fiscal Year 2001 Governor's Recommendations

• \$1,756,700 federal funds for vocational rehabilitation services.

INDEPENDENT LIVING GRANT

The Independent Living Program provides services to severely disabled individuals such as physical and mental restoration, structural modifications to living areas, and equipment purchases that would significantly improve the person's ability to function independently or become employable. Federal funds with a ten-percent state match are used to fund the Independent Living Program. The department employs counselors and utilizes medical services and rehabilitation facilities to thoroughly evaluate the severely disabled individuals eligible for independent living services. An individualized, written independent living plan is developed for the purpose of providing specific services to clients.

Fiscal Year 2001 Governor's Recommendations

• (\$100,955) federal funds transferred to the Division of Vocational Rehabilitation administration.

DISABILITY DETERMINATIONS GRANT

The federal Social Security Administration contracts with the Department of Elementary and Secondary Education to determine whether applicants for Social Security benefits meet the necessary criteria for disabilities. The program involves purchasing extensive medical and vocational evaluations. An applicant's cost of travel to examinations is also paid from this grant. The program is funded entirely from federal funds.

Fiscal Year 2001 Governor's Recommendations

Continue funding at the current level.

PERSONAL CARE ASSISTANCE

Many individuals with severe physical disabilities are confined to their homes or to institutions because they are unable to perform routine daily tasks such as bathing, dressing, and eating. The Personal Care Assistance Program provides personal attendant care to such persons to enable them to live more independently, maintain their current employment, or become employable.

Fiscal Year 2001 Governor's Recommendations

- \$297,534 for a two-percent rate increase, including \$167,858 general revenue.
- \$1,955,396 transferred from the Department of Social Services, including \$764,559 general revenue.

INDEPENDENT LIVING CENTERS

The department is authorized to establish and maintain independent living centers to ensure statewide access for the severely disabled. Centers throughout the state provide disabled Missourians with self-help skill and knowledge to live more independently.

Fiscal Year 2001 Governor's Recommendations

Continue funding at the current level.

DIVISION OF VOCATIONAL AND ADULT EDUCATION

FINANCIAL SUMMARY



DIVISION OF VOCATIONAL AND ADULT EDUCATION

The Division of Vocational and Adult Education is responsible for administering programs in vocational and adult education. The division develops state plans for vocational education and adult basic education that form the basis for distributions of federal and state funds to local education agencies. The division also administers two Outstanding Schools Act programs: A+ Schools and Vo-Tech Grants. Other responsibilities include reviewing and approving vocational education programs operated by local schools, processing applications for the General Educational Development tests, and assisting with the development and implementation of skill training programs for unemployed or underemployed adults.

Administrative costs for the Division of Vocational Education are included under Administration in the Division of Instruction.

DISTRIBUTION TO SCHOOLS

The Outstanding Schools Act (1993) moved state vocational education distributions to the Foundation Program. The act also established a new grant program to provide funds to educational institutions for improving vocational-technical programs. The grants may be used to provide new programs, enhance curricula, and upgrade equipment and facilities. At least 75 percent of program funding must be used for projects related to occupations with high labor market demand-to-supply ratios.

The state provides financial support to vocational programs located in public school districts, institutions of higher education, state agencies, and business establishments. Programs are designed to prepare individuals for gainful employment. The department distributes federal vocational funds and state funds to local school districts according to guidelines developed in an annual state plan for vocational education. The state and federal funds serve as an incentive to public schools to offer vocational education programs.

Since Fiscal Year 1987, new funds for area vocational schools are distributed through the "Effectiveness Index Formula," which resulted from an intensive study of vocational education completed in 1984. The formula rewards schools that provide programs with high placement rates and high labor market demand-to-supply ratios. This method of allocating funds benefits students by providing high-quality programs in occupations with good job opportunities, benefits schools by rewarding those that offer good programs with effective placement efforts, and benefits businesses by meeting their training needs.

Fiscal Year 2001 Governor's Recommendations

• \$3,287,693 federal funds for vocational education programs

WORKFORCE INVESTMENT ACT GRANTS

The federal Workforce Investment Act provides federal funds that can be used for skill training to 15 service delivery areas in Missouri. The service delivery areas contract with the Department of Elementary and Secondary Education to plan, implement, and administer skill training

programs. The actual training is conducted by vocational schools, community colleges, or proprietary schools.

Fiscal Year 2001 Governor's Recommendations

Continue funding at the current level.

ADULT BASIC EDUCATION

The Outstanding Schools Act established the expansion of adult literacy services as a statewide area of critical need and provided funding for this expansion. In addition, to be designated as an A+ School under the act, districts must make available facilities and services for adult literacy training.

The Department of Elementary and Secondary Education works with local public schools to establish adult basic education programs. School districts interested in offering classes must survey their communities to establish a need for the program. Approval for the program must then be obtained from the department and a program budget developed under departmental guidelines. The adult basic education programs provide training in the fundamental skills of English, reading, and mathematics. To enroll in a class, a person must be 16 years of age or older, out of school, and lacking a high school diploma.

Fiscal Year 2001 Governor's Recommendations

• \$500,000 for English language services for non-native speakers who need assistance learning English.

SPECIAL LITERACY GRANT AWARD PROGRAM

The Special Literacy Grant Award Program was established to respond to the increasing numbers of adults needing Adult Basic Education services. It is expected that a significant number of adults will request services due to the mandatory participation requirements of the federal TANF/FUTURES Program.

Fiscal Year 2001 Governor's Recommendations

Continue funding at the current level.

A+ SCHOOLS PROGRAM

The Outstanding Schools Act established the A+ Schools Program to award grants to schools. A+ Schools must design programs to ensure that all students graduate from school, complete a challenging course of studies with identified learner expectations, and proceed from graduation to postsecondary education or a high-wage job with workplace skill-development opportunities. The program provides career choices and community college scholarships for students who might otherwise be unable to attend college.

Fiscal Year 2001 Governor's Recommendations

• \$2,672,000 for the A+ Schools Program.

SCHOOL-AGE CHILD CARE

The Federal Child Care and Development Block Grant provides funds to house school-aged child care programs in school buildings when they are not being used for educational classes. Program evaluation and technical assistance are provided to local schools interested in implementing school-age child care programs. The child care programs must be in compliance with state and local licensing laws and regulations governing care for school-aged children.

Fiscal Year 2001 Governor's Recommendations

Continue funding at the current level.

TROOPS TO TEACHERS

The Troops to Teachers Program is designed to encourage military personnel transitioning to the civilian labor force to consider teaching as a post-military career.

Fiscal Year 2001 Governor's Recommendations

• \$50,000 federal funds for the Troops to Teachers Program.

DIVISION OF SPECIAL EDUCATION

FINANCIAL SUMMARY



DIVISION OF SPECIAL EDUCATION

The Division of Special Education is responsible for state and federal special education funds for Missouri public schools. The division also administers the budgets appropriated for the State Schools for the Severely Handicapped, School for the Deaf, and School for the Blind. Staff in the division monitor local school district programs for compliance with state and federal laws. The division also provides technical

assistance and distributes state funds to the extended employment sheltered workshops.

Administrative costs for the Division of Special Education are included under Administration in the Division of Instruction.

SPECIAL EDUCATION GRANT

The Special Education Program provides federal grants to school districts to assist them in education programs and services for disabled children at the preschool, elementary, and secondary levels. The grants are used to purchase instructional and technological equipment and to purchase the services of teachers, ancillary staff, diagnostic staff, and administrators for better management of services to people with disabilities. The funds may also be used to provide in-service training for special education teachers and financial assistance to special education teachers working toward full certification.

Fiscal Year 2001 Governor's Recommendations

- \$13,500,000 federal funds for special education programs and services.
- (\$7,200,000) federal funds core reduction from the Fiscal Year 2000 appropriation level.

EXCESS COSTS/SEVERE DISABILITIES SERVICES

The Excess Costs/Severe Disabilities Services Program was established to assist school districts in providing special education services to students with severe disabilities that would otherwise attend a State Board Operated School. School districts will receive funding for costs in excess of the average cost to educate a student.

Fiscal Year 2001 Governor's Recommendations

• (\$500,000) federal funds core reduction from the Fiscal Year 2000 appropriation level.

FIRST STEPS

First Steps is an early childhood intervention program that serves children with severe developmental delays from birth to age two. The Department of Elementary and Secondary Education collaborates with the Departments of Health and Mental Health in providing First Steps services for children.

Fiscal Year 2001 Governor's Recommendations

• 530,000 federal funds for the First Steps Program.

DFS/DMH SCHOOL PLACEMENTS

Children in residential placements through the Division of Family Services (DFS) or the Department of Mental Health (DMH) often are enrolled in schools outside their home districts. The state reimburses the districts where these children attend school for certain educational services when the costs exceed the amount received from the children's domiciliary districts and regular state school payments.

Fiscal Year 2001 Governor's Recommendations

• \$1,429,224 for education of students publicly placed in a residential facility.

HANDICAPPED SPECIAL NEEDS

The State Board of Education operates two residential facilities, the School for the Blind in St. Louis and the School for the Deaf in Fulton, and day-school facilities -- the State Schools for the Severely Handicapped located throughout the state. These state-owned facilities need routine and preventive maintenance. The Handicapped Special Needs Program allows maintenance staff to purchase materials and supplies to perform this routine and preventive care.

Fiscal Year 2001 Governor's Recommendations

Continue funding at the current level.

SPECIAL OLYMPICS

The Missouri Special Olympics Program sponsors annual statewide events for more than 7,000 children with disabilities. The events include softball, track and field, basketball, soccer, and bowling tournaments. Participants compete regionally to become eligible to attend the statewide competition. All participants in the state events receive ribbons and personal recognition for their efforts.

Fiscal Year 2001 Governor's Recommendations

Continue funding at the current level.

SHELTERED WORKSHOPS

Sheltered workshops are not-for-profit corporations that give people with disabilities a controlled working environment. Programs are designed to enable persons to progress toward normal living and develop their work capacities. A workshop is set up and operated as a business. The manager of the workshop bids on and acquires contracts for work from industries in the community. Sheltered workshop activities include the following: building or rebuilding pallets and other wooden articles; dipping, lacquering, and staining handles for garden tools; zip coding and addressing envelopes; constructing display cartons; and recycling aluminum cans, nails, and paper clips. The Department of Elementary and

Secondary Education assists the workshops in management, production, bidding, and pricing techniques.

Fiscal Year 2001 Governor's Recommendations

Continue funding at the current level.

READERS FOR THE BLIND

The Readers for the Blind Program provides payments of \$500 per year per blind student enrolled in elementary and secondary schools to employ readers. Blind students attending local elementary and secondary schools need reading assistance when Braille or large print materials are unavailable.

Fiscal Year 2001 Governor's Recommendations

• \$4,000 for the Readers for the Blind Program.

BLIND LITERACY TASK FORCE

The Blind Literacy Task Force was established to develop goals and objectives to guide the improvement of special education, related services, vocational training, transition from school to work, rehabilitation services, independent living, and employment outcomes for blind and visually-impaired students.

Fiscal Year 2001 Governor's Recommendations

• \$40,000 for task force expenses and a report on literacy of blind and visually impaired students.

BOARD OPERATED SCHOOLS OPERATIONS

The Missouri School for the Deaf provides elementary and secondary education, both academic and vocational, in a residential environment for deaf- or hearing-impaired students from ages 5 to 21 years. Located in Fulton, Missouri, the school provides separate facilities for primary age, intermediate age, and high school students. To help each student develop to the maximum of his or her capability, the school utilizes a total communication approach to teaching. This approach includes use of speech, speech reading, finger spelling, the language of signs, reading and writing, hearing aids, and closed-circuit television. To be admitted to the Missouri School for the Deaf, a child must be a resident of Missouri and manifest a hearing loss that seriously limits his or her chances of success in a regular public school program. The school is tuition-free with no charge for room, board, transportation, laundry, or books. In addition to direct educational programs, the school offers extensive outreach and resource services to local educational agencies.

The Missouri School for the Blind, located in St. Louis, offers elementary and secondary education, including academic, vocational, and special training, in a residential school environment for blind or visually impaired students from ages 5 to 21. The school provides special teaching methods, materials, and curriculum additions specifically needed by children with vision impairment. A program for students provides diagnosis, evaluation, individualized programming, physical therapy, occupational therapy, speech and language therapy, adaptive physical education, and audiological examinations.

State law mandates that all children in Missouri, regardless of their disabling conditions, are entitled to an appropriate educational program. For students too severely disabled to be served effectively by local public schools, the Department of Elementary and Secondary Education operates 38 state schools and contracts with private non-profit agencies to provide educational services for children the state schools cannot practically serve. These schools offer day programs in basic and prevocational training with the ultimate goal of assisting students in functioning semi-independently in their homes and communities. Programs include self-care, sensory and perceptual training, language development, interpersonal relations, home-living, and functional academics. The state provides transportation for the students by contracting for transportation services and by operating state-owned buses. State funding for the State Board Operated Schools is appropriated in the Foundation Program.

SCHOOL FOR THE DEAF TRUST FUND

The school for the deaf trust fund was established by law to receive gifts and bequests from individuals who wish to assist the Missouri School for the Deaf. The funds are invested or used for program improvements and facility additions at the School for the Deaf. Some funds are specifically donated to be used for awards to students in areas such as scholarship, character, and leadership.

Fiscal Year 2001 Governor's Recommendations

Continue funding at the current level.

SCHOOL FOR THE BLIND TRUST FUND

The school for the blind trust fund was established by law to receive gifts and bequests from individuals who wish to assist the Missouri School for the Blind. The funds are invested or used for program improvements and facility additions at the School for the Blind.

Fiscal Year 2001 Governor's Recommendations

Continue funding at the current level.

STATE SCHOOLS FOR THE SEVERELY HANDICAPPED TRUST FUND

The handicapped children's trust fund was established to receive gifts and bequests from individuals who wish to assist the State Schools for the Severely Handicapped. The money in the fund is invested each year in short-term securities or used to purchase supplies, equipment,

and materials used in the state schools.

Fiscal Year 2001 Governor's Recommendations

Continue funding at the current level.

MISSOURI OCCUPATIONAL INFORMATION COORDINATING COMMITTEE

Federal law requires Missouri to have a coordinating committee to develop an occupational information system to collect and disseminate occupational data and encourage the use of that information by training program planners and persons making career decisions.

Fiscal Year 2001 Governor's Recommendations

• \$3,346 for pay plan.

COMMISSION FOR THE DEAF

Section 161.400, RSMo authorized establishment of the Missouri Commission for the Deaf within the Department of Elementary and Secondary Education. Senate Bill 568 (1994) established a Board for Certification of Interpreters within the Commission for the Deaf. The board is responsible for certifying interpreters for the deaf prior to licensure.

Fiscal Year 2001 Governor's Recommendations

• \$6,826 for pay plan.

TRANSFER OF FUNDS TO VIDEO FUND

Funds are transferred from general revenue into the VIDEO fund to meet appropriation obligations for the Video Instructional and Educational Opportunities Program.

Fiscal Year 2001 Governor's Recommendations

 Total recommended appropriation from VIDEO fund 	\$ 1,225,724
 Plus VIDEO fund needed for employee benefits 	27,500
 Total funds to be transferred from general revenue to VIDEO fund 	\$ 1,253,224



TRANSFER OF FUNDS TO OUTSTANDING SCHOOLS TRUST FUND

The Outstanding Schools Act (1993) provides revenues for the formula equity provisions of the act. These revenues are transferred from general revenue into the outstanding schools trust fund to pay for the initiatives in the Outstanding Schools Act.

Fiscal Year 2001 Governor's Recommendations

• Total funds to be transferred from general revenue to the outstanding schools \$ 413,400,000 trust fund



TRANSFER OF FUNDS TO STATE SCHOOL MONEYS FUND

Funds are transferred from general revenue and the gaming proceeds for education fund to the state school moneys fund to meet appropriation obligations.

Fiscal Year 2001 Governor's Recommendations

 Total recommended appropriation from state school moneys fund Less amount available in state school moneys fund from gaming proceeds, cigarette taxes, investment earnings, prior year lapse, Ferman Memorial funds, and the balance 	\$ 1,933,201,875
Total funds to be transferred from general revenue to state schools moneys fund	(267,840,941)
 Total funds transferred from gaming proceeds for education fund Total transfer to the state school moneys fund 	\$ 1,665,360,934 180,200,000



\$ 1,845,560,934

SB 301 (1995) allows up to \$7 million to be transferred from the gaming proceeds for education fund to the school district bond fund for use by the Missouri Health and Education Facilities Authority to pay costs associated with school bond issues and credit enhancement.

Fiscal Year 2001 Governor's Recommendations

• (\$1,500,000) gaming proceeds for education fund core reduction from the Fiscal Year 2000 appropriation level



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FY 2001 EXECUTIVE BUDGET

DEPARTMENT BUDGETS HEALTH

FINANCIAL SUMMARY



* Does not include \$190,172 recommended in the Fiscal Year 2000 Supplemental Appropriations. See the Supplemental section of the Missouri Budget for details regarding Department of Health supplemental appropriations.

POLICY SUMMARY

Governor Carnahan's budget for Fiscal Year 2001 provides a total of \$324.3 million for the Department of Health for its vital role in protecting and promoting the health of Missourians. The department is engaged in activities that protect the health of Missouri's children, prevent or control communicable diseases, reduce the burden of chronic diseases, and safeguard the public.

PROTECT THE HEALTH OF MISSOURI'S CHILDREN

Early Childhood Care and Education

The Governor's budget for Fiscal Year 2001 builds on the success achieved in recent years with establishment of the early childhood development, education and care fund (HB 1519, 1998), the family care safety registry (HB 490, 1999), and investment of \$58 million for early childhood initiatives in the Fiscal Year 2000 budget. Research has shown learning begins at birth and that early learning experiences have a decisive influence on brain development. Children who are not provided the opportunity for quality learning experiences may not develop crucial skills, significantly affecting their ability to learn later in life. Because of these findings, the Governor worked with the General Assembly to implement a comprehensive approach to ensure children would have access to high-quality, safe child care, and early education programs. The Governor's recommendations throughout state government include an increase of \$20.4 million to improve access to high-quality, safe child care; increase outreach to parents; and provide intervention services for children with special needs. In the Department of Health, the Governor recommends:

- \$693,777 for the Family Care Registry to ensure that persons applying for caregiver positions for children and older adults are screened for certain attributes, such as a history of child or adult abuse and a criminal record. Prospective employers, including parents of young children, can use the telephone access line to exclude disqualified applicants from employment in child and adult
- \$271,986 for the licensing and inspection of an estimated 300 child care facilities as required by the Early Childhood Education Program, increasing the number of quality child care programs available to families.
- \$125,446 to implement the newborn hearing screening program established in HB 401 (1999). The program will ensure all newborns are screened for potential hearing loss so they can receive early intervention services, enhancing their chances of normal speech and language development.

Other Children's Health Issues

Under Governor Carnahan's leadership, the Department of Health has increased its efforts to achieve the Show Me Results of increased percentage of pregnancies that result in healthy babies, decreased rate of infant mortality, and decreased pregnancy rate for females under age 18. Great strides have been made in reducing childhood mortality, but significant risks to child health remain, including poor nutrition, unsafe environments, and high-risk behaviors among adolescents. Nearly one out of five children lives in poverty. Over 12 percent have no health insurance. In 1998, more than 5,800 babies were born with low birth weight, placing them at risk for adverse outcomes and premature death. In the Fiscal Year 2001 budget, Governor Carnahan recommends:

- \$19.4 million to provide nutritious meals to low-income children in emergency shelters, after school programs, and license exempt child care centers, as stipulated by federal and state statute, HB 409 (1999).
- \$2.3 million to provide meals to low-income, school-age children during the summer months when schools are not in session.

Following are some performance measures the Department of Health uses to evaluate its goal of protecting the health of Missouri's children:



PREVENT OR CONTROL COMMUNICABLE DISEASES

Communicable diseases continue to threaten public health and contribute significantly to the cost of health care even though many serious infectious diseases are largely or completely preventable. In Missouri, there are 7,355 people living with HIV disease. In 1998, there were 9,463 reported cases of gonorrhea and 12,655 cases of chlamydia. Sexually transmitted diseases are the leading cause of infertility in women, and the cost of STD complications is estimated at \$200 million annually. Under Governor Carnahan's leadership, the Department of Health has increased its efforts to decrease rates of infectious and chronic diseases. Because the local level is the most effective place to deploy prevention and treatment efforts, the Department of Health continues to focus funding in the area of local public health. In the Fiscal Year 2001 budget, Governor Carnahan recommends:

- \$233,000 to expand the Rural Health Program to enable rural communities to develop or enhance local health care delivery systems and, in some communities, to augment the reimbursements received by participating facilities from the Medicare Program.
- \$124,802 to develop seven model local public health agencies statewide.
- \$111,902 to conduct a health education program on Hepatitis C for public and health care professionals and to identify screening, counseling, and treatment resources through collaboration with other organizations as required by SB 8 (1999).

Following are some performance measures the Department of Health uses to evaluate its goal of preventing or controlling communicable diseases:



REDUCE THE BURDEN OF CHRONIC DISEASES.

Chronic diseases such as heart disease, cancer, stroke, obstructive lung diseases, and diabetes are the most prevalent, costly, and preventable of all health problems. In 1997, these five conditions were responsible for 71 percent of all deaths in Missouri. Increasing the number of years of healthy living depends on Missourians identifying personal health risks, adopting lifestyle habits that positively affect their health, and using detection and treatment services effectively. Chronic diseases share many of the same risk factors. For example, cigarette smoking accounts for 90 percent of obstructive lung diseases and 87 percent of all lung cancer deaths. Unfortunately, in spite of the huge human and economic costs, 26.4 percent of adults and 40.3 percent of high school students in Missouri continue to smoke. The control of obesity reduces the risk of arthritis, cardiovascular disease, diabetes, and osteoporosis. Yet, 35.6 percent of Missouri adults are obese and more than half of Missouri school-aged children continue to eat high-fat foods daily. Under Governor Carnahan's leadership, the Department of Health has increased its efforts to decrease rates of infectious and chronic diseases. In the Fiscal Year 2001 budget, Governor Carnahan recommends:

• \$1.2 million for a chronic disease program that includes interventions to combat obesity and reduce the burden of arthritis and other rheumatic conditions.

Following are some performance measures the Department of Health uses to evaluate its goal of reducing the burden of chronic disease:



SAFEGUARD THE PUBLIC

Lives of Missouri citizens are shortened and disability and illness occur because of injuries, natural disasters, environmental hazards, ineffective or unsafe health care or child care services, or lack of access to health care. Public health, in collaboration with other partners, can play a central role in developing and implementing programs to safeguard the public. Core public health functions such as restaurant inspections, disease tracking, prevention services, health screenings, and wellness promotion are necessary to protect the health of Missourians. In the Fiscal Year 2001 budget, the Governor recommends:

- \$741,305 for increased costs to provide rehabilitation services for head injury clients.
- \$588,822 for training and technical assistance for local public health agencies statewide to counter incidents of bioterrorism by assuring rapid communication and preparedness.
- \$500,000 for core public health functions so local public health agencies can address the needs in their local communities, an increase of over 15 percent. This brings total funding for core public health initiatives to \$3.7 million.
- \$347,916 to increase the inspection of nursing homes associated with hospitals from once to twice a year and initiate an education campaign on the abuse and neglect of the elderly as required by SB 8 (1999).

Following are some performance measures the Department of Health uses to evaluate its goal of safeguarding the public:



HEALTH ADMINISTRATION

The department's central administration is responsible for cost-effective implementation of Missouri's public health programs and provides administrative support to the Director's Office and all other Department of Health divisions. Responsibilities and services include budgeting, accounting, expenditure control, purchasing, contract and grant administration, internal auditing, and general office support. Administration staff also support the work of the State Board of Health, which advises the director in the planning and operation of the department.

The administrative division oversees the state public health laboratory which provides services to physicians, veterinarians, law enforcement,

local and state public health personnel, hospitals, and private laboratories. The laboratory performs analysis of samples from newborns for metabolic conditions; conducts tests of human samples for agents suspected in disease outbreaks; and performs tests for tuberculosis, HIV, sexually transmitted diseases, rabies, immunizable diseases, and other diseases. The laboratory also conducts tests of public and private water supplies, performs screenings for childhood lead poisoning, and examines milk and food suspected of causing disease outbreaks.

Fiscal Year 2001 Governor's Recommendations

- \$60,040 for three new vehicles for the carpool.
- \$299,141 for pay plan, including \$166,887 general revenue.
- \$1,413,600 for 35 staff transferred to the Office of the Director from the Center for Local Public Health Services to centralize district staff, including \$1,197,698 general revenue.
- \$605,000 federal and other funds for six staff transferred from several divisions to create a grants and contracts section in the Division of Administration.
- \$190,752 other funds transferred from the Center for Health Information Management and Epidemiology to consolidate donated funds.
- \$162,000 federal funds for one staff transferred from the Division of Maternal, Child and Family Health for the Women's Health Program.
- \$104,108 other funds for one staff transferred from the Center for Health Information Management and Epidemiology for administrative support.
- \$55,000 federal funds transferred from the Division of Environmental Health and Communicable Disease Prevention.
- Four staff transferred from the Division of Chronic Disease Prevention and Health Promotion.
- (\$57,312) federal funds for (one) staff transferred to the Division of Nutritional Health and Services for financial administration of the division.
- (\$23,980) for one-time expenditures.
- (\$4,400) transferred to the Center for Health Information Management and Epidemiology for network services.

CENTER FOR HEALTH INFORMATION MANAGEMENT AND EPIDEMIOLOGY

The Center for Health Information Management and Epidemiology is responsible for collecting, analyzing, and distributing data that promotes better understanding of health problems and needs in the state, as well as health improvements for Missourians. The center collects and reports on births and deaths, disease and injury incidence, and hospital and nursing home information. Copies of birth and death records are issued to Missourians and consumer guides on hospital costs are published. The Office of Epidemiology investigates and assists others with public health issues. The Office of Information Systems provides support for the department's statewide data network and computer database applications.

Fiscal Year 2001 Governor's Recommendations

- \$588,822 federal funds for four staff to provide training and technical support in the local public health agencies to counter any incidents of bioterrorism.
- \$219,253 for pay plan, including \$91,571 general revenue.
- \$384,596 for three staff transferred from several divisions to support information system and network costs, including \$176,692 general revenue.
- (\$755,659) for (eight) staff transferred to several divisions to align funding with the revised department organization, including (\$81,186) general revenue.
- (\$2,730) for one-time expenditures.

CENTER FOR LOCAL PUBLIC HEALTH SERVICES

The Center for Local Public Health Services coordinates the Department of Health's partnership with local public health agencies to improve the health of all Missourians. The center develops tools, policies, and strategies to strengthen public health and assists in professional training and development for public health professionals throughout the state. The center is active in defining the core public health roles and activities and in building the capacity to carry them out at the local level. Some of these activities include inspecting restaurants, monitoring and investigating communicable diseases and environmental health threats, and promoting community health awareness.

Fiscal Year 2001 Governor's Recommendations

- \$500,000 for local public health agencies statewide to fund an increase in core public health functions.
- \$124,802 other funds for one staff for a Robert Wood Johnson grant to develop seven model local health agencies.
- \$18,264 for pay plan, including \$16,705 general revenue.
- (\$3,689,193) to transfer the Caring Communities Program to the Center for Community Development and Health Care Access, including (\$2,470,860) general revenue.
- (\$1,285,600) for (36) staff transferred to the Office of the Director to centralize district office staff, including (\$1,197,698) general
- (\$335,693) for (eight) staff to transfer the Community Health Assessment Resource Team (CHART) Program to the Center for Community Development and Health Care Access, including (\$237,754) general revenue.

CENTER FOR COMMUNITY DEVELOPMENT AND HEALTH CARE ACCESS

The Center for Community Development and Health Care Access provides technical assistance and resources to communities in an effort to improve the health status of Missouri's citizens. The center works with communities by helping them to assess the health care needs in their area and to determine the resources needed to meet these needs. The center then acts as an advocate and a liaison to federal, state, and local governments and agencies by identifying the resources available at each level for meeting these needs. Two other important community programs include the CHART Program that provides technical assistance to communities to improve health status, and the Caring Communities Program that is a collaboration between state and local programs focused on improving the lives of children and their families.

Another program to improve health status is the Primary Care Resource Initiative for Missouri (PRIMO) Program that provides incentives to encourage physicians and nurses to practice in underserved areas of the state through the medical and nurse loan programs, advanced training programs, and professional development opportunities.

Fiscal Year 2001 Governor's Recommendations

- \$233,000 federal funds to implement the Critical Access Hospital Program in rural areas of the state for Medicare.
- \$28,673 for pay plan, including \$15,203 general revenue.
- \$4,589,685 for 18 staff transferred from the Division of Information Management and Epidemiology to consolidate community and health care access programs, including \$2,789,800 general revenue.
- (\$800,000) other funds core reduction due to declining revenues in the health initiatives fund.

MISSOURI HEALTH FACILITIES REVIEW COMMITTEE

The Missouri Health Facilities Review Committee implements the Certificate of Need Program in Missouri. The purpose of the Certificate of Need Program is health care cost containment through both cost management and the prevention of unnecessary duplication of health care services. This program provides staff assistance and support for the review committee. The committee reviews proposals to develop or offer new institutional health services and issues certificates for those services determined to be needed.

Fiscal Year 2001 Governor's Recommendations

\$9,958 for pay plan.

DIVISION OF ENVIRONMENTAL HEALTH AND COMMUNICABLE DISEASE PREVENTION

The Division of Environmental Health and Communicable Disease Prevention provides services that focus on disease prevention and control. The division performs surveillance and epidemiological services for a wide range of communicable and zoonotic diseases and environmental induced conditions. It provides diagnosis and treatment of tuberculosis, HIV/AIDS, and sexually transmitted diseases, and administers the immunization program. The division also prevents and controls disease due to environmental factors through enforcement of community sanitation standards, control of hazardous substances, and assessment of environmental health risks.

Fiscal Year 2001 Governor's Recommendations

- \$111,902 for one staff for Hepatitis C education and resource development.
- \$254,680 for pay plan, including \$116,408 general revenue.
- (\$945,000) federal funds core reduction to eliminate excess federal appropriation authority.
- (\$55,000) federal funds transferred to the Office of the Director for continuing education payments.
- · (Five) staff transferred to the Division of Administration.

DIVISION OF MATERNAL, CHILD AND FAMILY HEALTH

The Division of Maternal, Child and Family Health provides statewide leadership to the public and private sectors in the design and integration of health delivery systems for women, children, and families in Missouri. The division formulates policy and recommends standards to assure quality of care. The division also conducts need and capacity assessments with community partnerships. It connects localities with school health, family planning, perinatal substance abuse, dental health, and special health care needs services. Grants are awarded to child care providers to assure quality child care. The division also offers a toll-free telephone number (1-800-TEL-LINK) that refers women and their families to Medicaid, prenatal care, and other services.

Fiscal Year 2001 Governor's Recommendations

- \$741,305 for rehabilitation services for head injury clients.
- \$125,446 for one staff for newborn hearing screening.
- \$220,005 for pay plan, including \$113,189 general revenue.
- (\$5,657,958) for (77) staff transferred to create the Division of Nutritional Health and Services, including (\$615,496) general revenue.
- (\$3,123,527) core reduction in the Genetics and Special Health Care Needs programs, including (\$550,000) general revenue.
- (\$1,067,000) federal funds transferred to six other divisions and centers from the Special Health Care Needs appropriation.
- (\$347,389) federal funds for (seven) staff transferred to the Division of Health Standards and Licensure for the Child Care Improvements Program.
- (\$311,256) for (three) staff transferred to the Center for Health Information Management and Epidemiology, including (\$170,092) general revenue.
- (\$162,000) federal funds for (one) staff transferred to the Office of the Director.
- (\$31,300) for one-time expenditures, including (\$17,288) general revenue.
- (\$10,000) federal funds transferred to the CHART Program.

DIVISION OF NUTRITIONAL HEALTH AND SERVICES

The Division of Nutritional Health and Services provides numerous services statewide that are focused on improving the nutritional intake of all Missourians. This is especially important for children whose physical growth, mental development, and health are so dependent on good nutrition. The division provides food security through the Women, Infants, and Children Supplemental Food Program, the Child and Adult Care Food Program, the Summer Food Program, and the Farmers' Market Nutrition Program. The division also collaborates with other nutrition-based organizations to provide information to child and adult care program providers, teachers, students, and health care professionals. It also provides information and support to food program participants, including pregnant women who want to breastfeed their babies.

- \$19,405,138 federal funds for eight staff to expand the Child and Adult Care Food Program.
- \$2,307,958 federal funds for one staff to expand the Summer Food Program.
- \$94,829 for pay plan, including \$8,403 general revenue.
- \$5,845,130 for 78 staff transferred from various divisions to create the Division of Nutritional Health and Services, including \$615,496 general revenue.

DIVISION OF HEALTH STANDARDS AND LICENSURE

The division assures that products or services directly affecting public health meet minimum health safety standards. It licenses and inspects hospitals, home health agencies, hospices, ambulance services, child care facilities, and ambulatory surgical centers. The division also licenses emergency medical technicians, paramedics, and lead abatement professionals and regulates and investigates pharmacists and others who handle controlled substances.

Fiscal Year 2001 Governor's Recommendations

- \$693,777 for 15.5 staff to implement the Family Care Registry.
- \$347,916 for six staff for additional nursing home inspections and elderly abuse awareness.
- \$271,986 other funds for five staff for the inspection and licensing of new child care centers.
- \$277,510 for pay plan, including \$174,358 general revenue.
- \$347,389 federal funds for seven staff transferred from the Division of Maternal, Child and Family Health.
- (\$1,400,000) federal funds core reduction to adjust pass-through spending.
- (\$2,730) for one-time expenditures.
- (\$2,200) transferred to the Center for Health Information Management and Epidemiology for network costs.

DIVISION OF CHRONIC DISEASE PREVENTION AND HEALTH PROMOTION

The Division of Chronic Disease Prevention and Health Promotion administers programs to prevent and control chronic diseases such as heart disease, cancer, diabetes, osteoporosis, and arthritis through research, screening, behavioral intervention, and community health education activities. The division develops and coordinates community-based health promotion projects; administers the ASSIST program that is aimed at reducing tobacco usage; conducts cancer control and prevention activities; coordinates an organ donor registry; provides no-cost mammograms and pap smears to uninsured women; and performs, as part of a national effort, a monthly survey on health behaviors of Missourians.

Fiscal Year 2001 Governor's Recommendations

- \$1,153,191 federal funds for 6.5 staff for chronic disease prevention programs.
- \$103,451 for pay plan, including \$24,652 general revenue.
- \$50,000 federal funds transferred from the Special Health Care Needs appropriation.
- (\$6,600) federal funds transferred to the Center for Health Information Management and Epidemiology for network costs.
- (Four) staff transferred to the Office of the Director.
- (3.5) staff core cut due to the use of a contractor instead of state employees.





FY 2001 EXECUTIVE BUDGET

DEPARTMENT BUDGETS HIGHER EDUCATION

FINANCIAL SUMMARY



POLICY SUMMARY

Missouri's colleges and universities are critical to preparing Missourians in the 21st century. Higher education continues to face new challenges as the economy moves to the information age. This global transformation will require more differentiated educational missions and more high-skill, high-wage training. Higher education will have to provide continuous learning opportunities for Missourians. Governor Carnahan's Fiscal Year 2001 budget provides continued investments for Missouri's colleges and universities to prepare students for success in the 21st century.





The Governor's Fiscal Year 2001 budget includes an increase of \$57.3 million, or six percent over Fiscal Year 2000 ongoing appropriations, in support of students and our colleges and universities. The Fiscal Year 2001 budget totals \$1,154,533,929, including funds to address results-oriented accountability, vocational/technical initiatives, scholarships, and increasing support of college and university operations.

Governor Carnahan's budget recommendations for higher education support the Coordinating Board for Higher Education's (CBHE) Blueprint for Missouri Higher Education. The Blueprint incorporates the strategic planning efforts of the CBHE and provides a policy and budget framework for advancing postsecondary education. The Blueprint focuses on five major initiatives: institutional mission review and enhancements; advanced technical education; telecommunications access for education, research, and state-of-the-art information technology; student assistance programs recognizing need and scholarship; and funding based on results and incentives. The Governor's budget supports each of these initiatives.

Mission Review: Each of Missouri's colleges and universities is establishing a unique role in our system of higher education. Senate Bill 340 (1995) required the Coordinating Board to establish a five-year review cycle for public higher education institutions to ensure their missions accurately reflect the needs of students, employers, and the state; and that funding is available for new or expanded programs central to those missions. This review offers the opportunity for our institutions to sharply focus their missions and thereby provide Missourians with better instructional and research programs.

Governor Carnahan recommends funding in a four-year implementation cycle for the four-year colleges and universities that are currently in the mission review cycle (Central, Northwest, and Southeast Missouri State Universities; Truman State and Lincoln Universities; University of Missouri; and Harris-Stowe State College). This funding of \$23,708,490 will improve program access; create new high-wage, high-demand programs; and provide better equipment and facilities at Missouri institutions. With this recommendation, fifth-year mission enhancement funding now totals \$88,405,653 as shown in the table below:



Linn State Technical College became part of the state system of higher education in 1996. Much work has been done to ensure its mission as the state's technical college is fulfilled. For Fiscal Year 2001, Governor Carnahan recommends \$5,540,528 for the fifth year of the college's transition to a state technical college, an increase of \$685,173.

Following are some performance measures the Department of Higher Education uses to evaluate the outcomes of higher education:



ADVANCED TECHNICAL EDUCATION: The State Plan for Postsecondary Technical Education outlined ways to strengthen the state's technical education system by creating 12 Regional Technical Education Councils (RTECs). These councils, made up of local business, education, and community leaders, identify the types of technical education programs that are needed in their geographic areas and the communities that are natural sites for delivery of these programs. Community colleges submit annual proposals for funding programs that are consistent with the needs identified by RTECs which are evaluated by CBHE staff.

Governor Carnahan recommends an increase of \$5,775,000 in Fiscal Year 2001 to continue implementation of the state plan. Combined with funding approved in Fiscal Year 2000, the budget provides a total of \$25,420,000 to enable community colleges to expand and strengthen technical education

programs within their districts and to begin providing statewide access to postsecondary technical instruction and training.

Following are some performance measures the Department of Higher Education uses to evaluate the performance of the state postsecondary technical education delivery system:



INCREASED ACCESS THROUGH INFORMATION TECHNOLOGY: The State Plan for a Telecommunications-Based Delivery System describes ways that colleges and universities can collaborate through telecommunications to avoid duplicative services, share resources, and jointly acquire services at a savings to all parties.

The Common Library Platform is a state/institutional partnership that allows students and faculty in Missouri to access approximately \$1 billion worth of library books and materials owned by the public and independent colleges and universities in Missouri. Fifty institutions formed the Missouri Bibliographic and Information User System (MOBIUS-see http://www.mobius.missouri.edu), a consortium to oversee administration of the system. The University of Missouri serves as host institution to administer and operate the shared system hardware and software. Eleven of the 50 institutions are operational on the Common Library Platform which officially began operation in January 1999. The holdings of ten more institutions are presently in the process of being added to the common catalog, and the remaining 29 institutions will be implemented in stages between now and July 2002. All 50 institutions are presently served by a daily interlibrary loan delivery system. Approximately seven million volumes can presently be accessed and borrowed by patrons at any of the 50 colleges and universities through MOBIUS and the interlibrary loan program.

In addition, Governor Carnahan recommends an increase of \$238,000 in Fiscal Year 2001 for the Missouri Research and Education Network (MOREnet) to continue to provide a stable, consistent, and reliable network and to sustain current MOREnet services in the face of multiplying demands. This brings total ongoing funding to \$12,138,000 for Fiscal Year 2001. MOREnet is a network that provides Internet connectivity for Missouri's higher education institutions, elementary and secondary education school districts, public libraries, state agencies, and community information networks. MOREnet provides high-speed data connections including comprehensive Internet access, licensed on-line reference resources, and interactive video service capability. Extensive training and technical support services are provided to network participants, particularly the smaller school and library districts that do not have in-house technical staff. The Department of Higher Education, Department of Elementary and Secondary Education, and the Missouri State Library actively participate in policymaking and strategic planning for MOREnet. Collaboration among agency sponsors enables the entire Missouri research and education community to benefit from the knowledge and skill of professional staff, to leverage buying power in contracting with telecommunications providers, and to exploit the diversity of the network's resources to the advantage of all. The MOREnet web site is located at http://www.more.net.

Increased access to information technology through MOREnet during their elementary and secondary educational experiences contributes to students' readiness for college level work. Following are some performance measures the Department of Higher Education uses to evaluate the readiness of students to perform college-level work:



INCREASED ACCESS THROUGH STUDENT ASSISTANCE PROGRAMS: The General Assembly created two new student assistance programs in 1998 with the passage of HB 1694 and HB 1519. House Bill 1694 created the Advantage Missouri loan and loan forgiveness program and HB 1519 created the Missouri College Guarantee Program. Both programs were launched in Fiscal Year 2000 with great success. The Advantage Missouri Program has reached over 1,000 students in its first year of operation and the Missouri College Guarantee Program has assisted close to 3,000 needy students in its first year. The Governor recommends an additional \$6,710,000 for expanded student assistance programs that will provide Missourians with increased access to higher education.

Missouri College Guarantee Program

The Missouri College Guarantee Program provides scholarships to Missouri students most in need regardless of institutional choice. Students must also meet specified academic standards. Governor Carnahan recommends \$10,710,000 for the Missouri College Guarantee Program expenditures, an increase of \$6,710,000 over Fiscal Year 2000.

Bright Flight Scholarship Program

The Governor recommends a \$500,000 increase for the Bright Flight Scholarship Program to ensure that all eligible students receive the award.

MO\$T - Missouri Saving for Tuition Program

State Treasurer Bob Holden proposed, and Governor Carnahan signed, legislation creating a new higher education savings program for Missourians that offers tax breaks on money set aside for technical or college education. MO\$T allows participation with contributions of as little as \$25, or as much as \$8,000 a year. Contributions are deductible from Missouri income tax and withdrawals, for higher education expenses, are exempt from state taxes. The program is off to a tremendous start with deposits of over \$6 million in its first quarter (November to December 1999). Deposits of up to \$70 million are anticipated for the program by the end of Fiscal Year 2001.

Following are some performance measures the Department of Higher Education uses to evaluate access to higher education:



PERFORMANCE FUNDING/INFLATIONARY INCREASES: The state Funding for Results initiative is designed to increase accountability of two-year and four-year colleges and universities by targeting increased funding to those institutions that achieve defined results. Institutions must achieve state and institutional goals related to productivity, efficiency, quality of graduates, and graduation rates to receive this funding.

Because this funding is unrestricted when it is appropriated, the Governor has combined his recommendation for Funding for Results with inflationary adjustments to ensure an average increase of two percent over the Fiscal Year 2000 ongoing state appropriation level. For Fiscal Year 2001, Governor Carnahan recommends \$17,531,182 for inflationary increases for two-year and four-year institutions--\$8,296,677 distributed based upon CBHE inflation factors and \$9,234,505 distributed among institutions based upon Funding for Results measures, including funding of campus-based initiatives that emphasize new approaches to teaching and learning.

Following are some performance measures the Department of Higher Education uses to evaluate the impact of higher education:



OTHER INCREASES: The Governor also recommends \$656,182 for inflationary increases in University of Missouri related programs.

LOTTERY PROCEEDS FOR EDUCATION

During Fiscal Year 2001, \$154.5 million will be available from anticipated lottery revenues for education. The Governor recommends allocating estimated lottery revenues as follows:



HIGHER EDUCATION COORDINATION

The program includes the Commissioner of Higher Education, the general administrative staff, and the expenses of the Coordinating Board. Under direction of the Coordinating Board, the administrative staff review and coordinate the programs of approximately 70 public and private institutions of higher education. Staff also prepare the Coordinating Board's budget recommendations for public colleges, universities, and community colleges. Other program responsibilities include collecting and distributing student enrollment data and reviewing proposed new degree programs.

Fiscal Year 2001 Governor's Recommendations

• \$29,944 for pay plan.

PROPRIETARY SCHOOL REGULATION

Sections 173.600 through 173.618, RSMo provide for the regulation of proprietary schools operating in the state of Missouri. The Coordinating Board is charged with the authority to issue, revoke, or suspend certificates of approval ensuring that proprietary schools meet minimum state standards; place schools on probation; require each school to file a security bond; and collect data from certified proprietary schools.

Fiscal Year 2001 Governor's Recommendations

• \$4,318 for pay plan.

MIDWEST HIGHER EDUCATION COMMISSION

The Midwest Higher Education Commission is a consortium of states that work together on student exchange agreements, higher education research and policy development, and cost saving programs in which Missouri institutions may participate. Membership in the organization requires payment of annual dues

Fiscal Year 2001 Governor's Recommendations

Continue funding at current level.

CONTRACTING FOR ACADEMIC PROGRAMS

The Coordinating Board is authorized by statute to contract with public or independent colleges and universities or with other states to assure that Missouri students have access to professional programs that are not widely available in Missouri institutions. This arrangement carries substantially lower costs than establishing and seeking accreditation of such programs at public institutions. The current program provides access for students studying architecture at Kansas State University and the University of Kansas at in-state tuition rates. In addition, partial reimbursement for waived out-of-state tuition is provided to the University of Missouri-Kansas City Dental School and University of Missouri-St. Louis Optometry School as part of a reciprocal arrangement with the Kansas Board of Regents. A five-year agreement signed in 1991 and renegotiated in 1996 provides that 491 Missouri students, based on academic promise and financial need, may receive waivers for attendance at Kansas public university architecture programs.

Fiscal Year 2001 Governor's Recommendations

Continue funding at the current level.

COMMON LIBRARY PLATFORM

The Common Library Platform is an example of a state/institutional partnership that will allow academic libraries to share approximately \$1 billion worth of library books and materials owned by the public and independent colleges and universities in Missouri. The University of Missouri will serve as the host site to administer and operate the shared system hardware and software.

Fiscal Year 2001 Governor's Recommendations

Continue funding at the current level.

STATE ANATOMICAL BOARD

Sections 194.120 through 194.180, RSMo authorize the State Anatomical Board to collect and distribute human cadavers to qualified medical schools. Expenditures consist of fixed stipends for officers of the board and per capita stipends for doctors with the responsibility for receipt and distribution of bodies. Participating schools pay a per student assessment of 50 cents which is deposited in general revenue.

Fiscal Year 2001 Governor's Recommendations

Continue funding at the current level.

FEDERAL EDUCATION PROGRAMS

The existing Dwight D. Eisenhower Mathematics and Science Education Program provides federal funds for the improvement of science and mathematics instruction in grades K-12. Twenty-five percent of Missouri's allocation is awarded to the state higher education agency based on a competitive review process. The funds are used to improve the content of courses and the pedagogy of teachers, and ultimately, the learning of students in mathematics and science.

In addition, federal funds are available for the School-to-Work Initiative. This project is designed to enable Coordinating Board staff to provide assistance to Missouri's community careers system which engages in research, assistance, planning, and technical assistance for local School-to-Work partnerships.

- \$2,900 federal funds for increased operating expenses.
- \$3,137 federal funds for pay plan.
- (\$1,000,000) Missouri student grant program gift fund for (two) staff in core reduction from the Fiscal Year 2000 appropriation level.

STUDENT FINANCIAL AID - MOSTARS

FINANCIAL SUMMARY



MOSTARS (Missouri Student Assistance Resource Services) is the Coordinating Board's "one-stop shop" for student financial assistance. The various programs and services offered by MOSTARS provide access to higher education for those in financial need and encourage Missouri's top academic achievers to attend Missouri institutions. The MOSTARS staff administers nine state and federal student financial aid programs, through which approximately 100,000 eligible students receive grants, scholarships, and loans totaling over \$400 million annually.

ADMINISTRATION OF GRANT AND SCHOLARSHIP PROGRAMS

Administration of the grant and scholarship programs includes determining an applicant's eligibility for a grant, determining the amount of individual grants, issuing checks, and monitoring school financial aid offices for compliance with program requirements.

Fiscal Year 2001 Governor's Recommendations

• \$8,585 for pay plan.

ACADEMIC SCHOLARSHIP PROGRAM The Academic Scholarship ("Bright Flight") Program provides \$2,000 scholarships for Missouri high school graduating seniors scoring in the top three percent of all Missouri students taking either the American College Test (ACT) or the Scholastic Aptitude Test (SAT) of the College Board. The students must use the scholarship to attend a Missouri college or university. The scholarships are renewable up to a total of ten semesters. An estimated 8,350 students will be awarded scholarships in Fiscal Year 2001.

Fiscal Year 2001 Governor's Recommendations

• \$500,000 to continue full funding for the Academic Scholarship Program.

CHARLES E. GALLAGHER GRANT PROGRAM

The Charles E. Gallagher Student Financial Assistance (Missouri Student Grants) Program provides non-repayable grants to eligible Missouri postsecondary students who may receive grants up to a maximum of ten semesters based on the lesser of: (a) demonstrated financial need; (b) one-half the tuition and fees of the previous year; or (c) \$1,500.

Fiscal Year 2001 Governor's Recommendations

Continue funding at the current level.

PUBLIC SERVICE SURVIVOR GRANT PROGRAM

The Public Service Survivor Grant Program provides educational benefits to the children and spouses of certain public employees killed or permanently and totally disabled in the line of duty. An eligible child, up to the age of 24, or an eligible spouse may receive a grant to enroll in a program leading to a certificate, associates degree, or baccalaureate degree at an approved public or private postsecondary institution. The grant may not exceed the amount paid in tuition by a full-time undergraduate Missouri resident at the University of Missouri.

Fiscal Year 2001 Governor's Recommendations

Continue funding at current level.

VIETNAM VETERANS SURVIVORS SCHOLARSHIPS

The Vietnam Veterans Survivors Scholarship Program, authorized by Section 173.236, RSMo, provides educational benefits to the spouse or child of a veteran of the Vietnam War whose death was caused by exposure to toxic chemicals. The maximum award may not exceed the amount of tuition and/or fees paid by a part-time undergraduate Missouri resident at the University of Missouri.

Fiscal Year 2001 Governor's Recommendations

Continue funding at the current level.

HIGHER EDUCATION SCHOLARSHIPS

The Higher Education Scholarship Program, authorized by 173.197, RSMo, provides financial access in the form of undergraduate scholarships and graduate fellowships to students pursuing degrees in selected academic disciplines. Funding may come from donations by businesses that may take a tax credit of 50 percent of the donation, not to exceed \$250,000 per fiscal year.

Fiscal Year 2001 Governor's Recommendations

• (\$100,000) Missouri higher education scholarship donation fund core reduction from the Fiscal Year 2000 appropriation level.

MARGUERITE ROSS BARNETT SCHOLARSHIPS

The Marguerite Ross Barnett Scholarship Program provides grants to part-time undergraduate students who are employed and compensated for at least 20 hours per week and who have financial need. The maximum award may not exceed the amount of tuition and/or fees paid by a part-time undergraduate Missouri resident at the University of Missouri.

• \$125,000 to replace a (\$125,000) lottery proceeds fund core reduction from the Fiscal Year 2000 appropriation level.

BRIDGE SCHOLARSHIP PROGRAM

The Bridge Scholarship Program was created to provide additional aid to individuals in their first two years of postsecondary education who do not receive need-based grants and/or tax credits worth at least \$1,500 per year. Due to recent federal tax changes and the creation of new state aid programs, the Bridge Scholarship Program is no longer necessary.

Fiscal Year 2001 Governor's Recommendations

(\$2,200,000) core reduction from the Fiscal Year 2000 appropriation level.

MISSOURI COLLEGE GUARANTEE PROGRAM

The Missouri College Guarantee Program, created by HB 1519 (1998), provides scholarships based on financial need to students that meet specified academic standards. The program is designed to serve Missouri students most in need regardless of institutional choice. Approximately 3,000 students are expected to receive awards in Fiscal Year 2000. With the program increases recommended by the Governor, approximately 7,800 awards are possible in Fiscal Year 2001.

Fiscal Year 2001 Governor's Recommendations.

- \$6,710,000 Missouri college guarantee fund to provide increased access for Missourians to higher education.
- \$2,200,000 transferred to the Missouri college guarantee fund.

ADVANTAGE MISSOURI PROGRAM

The Advantage Missouri Program is a loan and loan forgiveness program designed to address workforce needs in high demand occupations. Students enrolling in an academic program in an occupational field of high demand may apply for a loan that will forgive one year of the loan for each year the student works in Missouri in that specified field. In Fiscal Year 1999, 1,113 students participated in the Advantage Missouri Program.

Fiscal Year 2001 Governor's Recommendations

Continue funding at current level.

MISSOURI STUDENT LOAN PROGRAM AND ADMINISTRATION

The Missouri Student Loan Program provides repayable loans to parents and students through commercial lending institutions. Since its inception in 1979, the program has guaranteed nearly one million loans totaling approximately \$3 billion. In Fiscal Year 2001, more than 500 lending institutions will participate in loaning funds to over 90,000 applicants attending more than 200 eligible institutions.

TThe Missouri program uses outside contractors to process and service its loans. The MOSTARS staff administers activities including outreach service to students, schools, and lenders; the administration of the Administrative Wage Garnishment and Automated Transfer of Money programs; general loan program administration; and functions necessary to oversee contractor services and ensure compliance with state and federal statutes.

Fiscal Year 2001 Governor's Recommendations

- \$1,401,800 U.S. Department of Education interest account fund for two staff to implement student loan default prevention and early awareness activities.
- \$367,798 guaranty agency operating fund to increase the student loan aversion services contract.
- \$122,160 guaranty agency operating fund for increased operating expenses.
- \$45,362 guaranty agency operating fund for pay plan.



AID TO PUBLIC COMMUNITY COLLEGES

The budget recommendations for Missouri public community colleges are based on the recommendations developed by the Coordinating Board. The 12 institutions (17 campuses) eligible to receive state aid are: Crowder College in Neosho; East Central College in Union; Jefferson College in Hillsboro; Metropolitan Community College - four campuses in the Kansas City area; Mineral Area College in Park Hills; Moberly Area Community College in Moberly; North Central Missouri College in Trenton; Ozarks Technical Community College in Springfield; St. Charles County Community College in St. Peters; St. Louis Community College - three campuses in St. Louis City and County; State Fair Community College in Sedalia; and Three Rivers Community College in Poplar Bluff.

The Coordinating Board formula recommendations are calculated based on formula components representing major program classifications of expenditures. The Coordinating Board recommends various inflation factors that are applied to the components. For Fiscal Year 2001, these policy factors are: compensation - three percent; expense and equipment - three percent; library acquisitions - four percent; actual expected increases, if any, in fuel and utility costs; and scholarship costs - three percent. The sum of the formula components produces a total recommended expenditure level for each institution.

For Fiscal Year 2001, the Coordinating Board recommends funding of \$165,208,902 for community colleges, an increase of 14.6 percent over Fiscal Year 2000 ongoing appropriations. The following table summarizes the Fiscal Year 2001 increases recommended by the Coordinating Board:

	FY 1999 EXPENDITURE		FY 2000 APPROPRIATION		FY 2001 REQUEST		GOVERNOR RECOMMENDS FY 2001	
Aid to Community Colleges Out-of-District Programs Workforce Preparation Postsecondary Technical Education Initiatives Tax Refund Intercept Program	\$	97,843,910 1,186,338 18,893,899 14,194,503 139,938	\$	103,727,243 1,343,692 19,432,463 19,645,000 250,000	\$	118,021,169 1,384,003 20,108,730 25,445,000 250,000	\$	105,597,788 1,370,566 19,821,112 25,420,000 250,000
TOTAL General Revenue Fund Lottery Proceeds Fund Debt Offset Escrow Fund	\$	132,258,588 127,148,001 4,970,649 139,938	\$	144,398,398 137,943,851 6,204,547 250,000	\$	165,208,902 158,754,355 6,204,547 250,000	\$	152,459,466 145,879,919 6,329,547 250,000

- \$5,775,000 for increased support for postsecondary technical education initiatives approved by Regional Technical Education Councils (RTECs).
- \$2,070,545 for inflationary increases allocated among institutions based upon accountability measures, Funding for Results, and Coordinating Board inflationary adjustments.
- \$388,649 for workforce preparation inflationary increases.
- \$125,000 lottery proceeds fund for operations.
- \$26,874 for out-of-district inflationary increases.
- (\$325,000) core reduction from the Fiscal Year 2000 appropriation level.

LINN STATE TECHNICAL COLLEGE

Senate Bill 101 (1995) established Linn State Technical College. Much work has been done to bring programs and operations to a level that would be commonly expected of a state-supported higher education institution for vocational technical training. The Coordinating Board's recommendation for Fiscal Year 2001 includes inflationary increases (\$518,686), program development (\$1,188,666), and Funding for Results (\$111,379) totaling \$1,818,731, a 37.5 percent increase over the Fiscal Year 2000 appropriation level.

Fiscal Year 2001 Governor's Recommendations

- \$588,666 for fifth-year transition funding in accordance with the master plan.
- \$96,507 for inflationary increases based upon accountability measures and the Coordinating Board's inflationary adjustments.

PUBLIC FOUR-YEAR INSTITUTIONS OF HIGHER EDUCATION

The budget recommendations for Missouri's ten public, four-year institutions of higher education are based on the recommendations developed by the Coordinating Board. Missouri's public, four-year institutions of higher education include: (a) the comprehensive universities - Central Missouri State University at Warrensburg, Southeast Missouri State University at Cape Girardeau, Southwest Missouri State University at Springfield, and Northwest Missouri State University at Maryville; (b) the three state colleges - Missouri Southern State College at Joplin, Western State College at St. Joseph, and Harris-Stowe State College at St. Louis; (c) the state liberal arts university - Truman State University at Kirksville; and (d) the land grant universities - Lincoln University at Jefferson City and the University of Missouri. Truman, Lincoln, and the comprehensive universities offer both graduate and undergraduate programs. The state colleges offer undergraduate programs. The programs of the University of Missouri include the operations of the University of Missouri campuses at Columbia, Kansas City, Rolla, and St. Louis. The University of Missouri offers undergraduate, graduate, professional degrees, and comprehensive research and public services activities.

The Coordinating Board recommendations are calculated based on formula components representing major program classifications of expenditures increased by inflation factors. For Fiscal Year 2001, these policy factors are: compensation - three percent; expense and equipment - three percent; library acquisitions - four percent; and student aid - three percent.

The total Coordinating Board recommendation for four-year institutions is \$844,433,170, an increase of 12.1 percent above the Fiscal Year 2000 appropriation level. The following table summarizes the Fiscal Year 2001 increases recommended for four-year institutions by the Coordinating Board:



FINANCIAL SUMMARY



Fiscal Year 2001 Governor's Recommendations

- \$23,708,490 for mission enhancements at public four-year institutions:
 - \$1,875,000 for Central Missouri State University.
 - \$660,490 for Harris-Stowe State College.
 - \$1,150,000 for Lincoln University.
 - \$2,058,000 for Northwest Missouri State University.
 - \$1,525,000 for Southeast Missouri State University.
 - \$1,440,000 for Truman State University.
 - \$15,000,000 for the University of Missouri.
- \$15,045,114 for inflationary increases allocated among institutions based upon accountability measures ("Funding for Results") and Coordinating Board inflationary adjustments.

- \$50,000 transferred from University of Missouri-Other Programs.
- · (\$70,000) core reduction for one-time expenditures.

UNIVERSITY OF MISSOURI - OTHER PROGRAMS

FINANCIAL SUMMARY



UNIVERSITY OF MISSOURI - OTHER PROGRAMS

The University of Missouri has administrative responsibility for a range of programs that are related to its institutional mission but not a part of the education and general operations: Missouri Research and Education Network (MOREnet), University Hospital and Clinics, Ellis Fischel Cancer Center, Missouri Rehabilitation Center, Missouri Institute of Mental Health, Missouri Kidney Program, the State Historical Society, Alzheimer's Research Program, and investments and interest from state seminary fund and state seminary money fund.

MISSOURI RESEARCH AND EDUCATION NETWORK (MOREnet)

MOREnet, which is an operational unit of the University of Missouri, operates a shared network infrastructure for elementary and secondary education, higher education, public libraries, and community information networks. This shared network infrastructure includes connections to the Internet and a statewide backbone with hubs to connect each site. It integrates voice, video, and data transmissions, as well as handles the ever-increasing demand for network capacity to conduct research.

Fiscal Year 2001 Governor's Recommendations

• \$238,000 for inflationary increases.

HOSPITAL AND CLINICS

The University of Missouri-Columbia operates a teaching facility for medical, nursing, and other health care field students. In addition, the facility provides inpatient care, outpatient care, and specialized medical services to both area residents and persons referred from throughout the state. The hospital budget includes costs associated with providing patient care and maintenance of the facility. Instructional and research activity costs are included in the university's general operating budget.

Fiscal Year 2001 Governor's Recommendations

• \$189,797 for inflationary increases.

ELLIS FISCHEL CANCER CENTER

The Ellis Fischel Cancer Center provides comprehensive medical treatment, conducts clinical research, and offers education to both health professionals and Missourians at large.

Fiscal Year 2001 Governor's Recommendations

• \$89,843 for inflationary increases.

MISSOURI REHABILITATION CENTER

The Missouri Rehabilitation Center provides medical treatment for traumatic brain injury, comprehensive rehabilitation services, pulmonary/ventilator rehabilitation, tuberculosis treatment, terminal and acute care, and outpatient services.

Fiscal Year 2001 Governor's Recommendations

• \$213,871 for inflationary increases.

MISSOURI INSTITUTE OF MENTAL HEALTH

The Missouri Institute of Mental Health, operated by the School of Medicine of the University of Missouri at Columbia, is a mental health research and teaching institute that provides educational and staff support to the Department of Mental Health. The institute conducts research into the basic causes of mental illness and methods for improved patient care and operates training programs for mental health professionals.

Fiscal Year 2001 Governor's Recommendations

• \$50,106 for inflationary increases.

MISSOURI KIDNEY PROGRAM The Missouri Kidney Program enables Missourians with end-stage renal disease to obtain treatment. The program contracts with federally-approved dialysis centers and facilities and pays those costs of dialysis or kidney transplantation not paid by other sources such as Medicare, Medicaid, and private insurance. Patients' drugs, transportation expenses, and medical bills are paid by the program, along with the needed medical equipment and supply costs.

Fiscal Year 2001 Governor's Recommendations

\$87,511 for inflationary increases.

STATE HISTORICAL SOCIETY

The State Historical Society of Missouri is directed by statute to collect, preserve, publish, and make accessible those materials that pertain to the history of Missouri and western America. The staff conduct research projects, publish the quarterly Missouri Historical Review, and produce other publications.

Fiscal Year 2001 Governor's Recommendations

• \$20,100 for inflationary increases.

ALZHEIMER'S RESEARCH PROGRAM

The program funds research that will advance knowledge concerning Alzheimer's Disease and related disorders. Research awards are made by an advisory board to investigators in public or private educational, health care, and research institutions and other voluntary health associations.

Fiscal Year 2001 Governor's Recommendations

• \$4,954 for inflationary increases.

STATE SEMINARY FUND INVESTMENTS AND INTEREST ON INVESTMENTS

The state seminary fund consists of the proceeds of the sale of land donated to the state, proceeds from a direct tax received from the United States, the James S. Rollins scholarship fund, and others. Income from the state seminary money fund is given to the University of Missouri as required by Article IX, Section 6, Missouri Constitution, and by Chapter 172.610, RSMo.

Fiscal Year 2001 Governor's Recommendations

• (\$950,000) state seminary fund core reduction from the Fiscal Year 2000 appropriation level.

UNIVERSITY OF MISSOURI ST. LOUIS SCHOOL OF OPTOMETRY

The University of Missouri St. Louis School of Optometry eye clinic is located at 3940 Lindell in St. Louis, Missouri. It is a teaching facility that accepts a variety of patients with optical needs.

Fiscal Year 2001 Governor's Recommendations

• (\$50,000) transferred to the University of Missouri operating budget.

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FY 2001 EXECUTIVE BUDGET

DEPARTMENT BUDGETS **INSURANCE**

FINANCIAL SUMMARY



POLICY SUMMARY

Governor Carnahan's budget for Fiscal Year 2001 includes a total of \$13.6 million for the Department of Insurance to provide oversight of the insurance industry and protect Missouri consumers. The Department of Insurance strives to improve the availability and affordability of insurance for consumers. By promoting a competitive marketplace and regulation of the insurance industry, the department helps to ensure appropriate and affordable insurance is available to Missourians. The department also provides information and investigates complaints to protect consumers from deceptive sales practices. Educational presentations, rate comparison guides, and other department publications provide information consumers can use to make informed insurance purchasing decisions.

PROTECTING MISSOURI SENIORS

Citizens of the state, particularly senior citizens, need to understand the basics of insurance to better protect themselves against insurance fraud and unnecessary coverage. The Community Leaders Assisting the Insured of Missouri (CLAIM) program offers counseling services through trained volunteers to Missouri seniors. The volunteers help the seniors resolve insurance claims disputes and receive a refund of premiums for duplicate Medicare supplement insurance coverage. The Governor recommends \$125,000 to expand the CLAIM program and offer counseling services to about 2,500 more seniors.

IMPROVING EFFICIENCY

Surplus lines of insurance include risks that are not covered by insurance companies licensed to do business in Missouri because the risk is excessive. Missourians who want coverage for these surplus lines must acquire it from unlicensed providers. Since the insurer is not licensed in Missouri, it can be difficult to collect taxes owed. The department currently does not have resources to ensure all existing taxes due are collected. In addition, insurance companies must submit annual and quarterly financial filings and information about mergers, acquisitions, address changes, and other changes that occur. The department does not have the resources to track these filings and ensure changes are made, reducing the efficiency of all staff who rely on this information to carry out their job duties. To improve efficiency, the Governor recommends \$74,260 for one accountant to ensure that surplus lines taxes are collected and one clerk typist to track filings and record information changes.

Following are some performance measures the Department of Insurance uses to evaluate the availability and affordability of insurance for Missouri consumers:



*Negative number indicates Missouri has a better rate than the national average.

Fiscal Year 2001 Governor's Recommendations

- \$564,457 other funds to increase the appropriation for market conduct and financial examination to the anticipated spending level.
- \$125,000 federal funds to expand the CLAIM program and offer counseling services to about 2,500 more seniors.
- \$74,260 other funds for two staff to help ensure that surplus lines taxes are collected and track filings and record information changes.
- \$183,932 other funds for pay plan.
- (\$339,254) other funds for one-time expenditures.

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FY 2001 EXECUTIVE BUDGET

DEPARTMENT BUDGETS LABOR AND INDUSTRIAL RELATIONS

FINANCIAL SUMMARY



POLICY SUMMARY

The Department of Labor and Industrial Relations strives to provide employees with safe and healthy workplaces and ensure economic security for all Missourians by promoting equal access to jobs, enforcing anti-discrimination laws, and awarding payment of compensation to those unemployed, injured at work, and victims of crime. For Fiscal Year 2001, Governor Carnahan recommends \$115,799,982 to support the department.

IMPROVING WORKPLACE SAFETY: The Department of Labor and Industrial Relations provides employers assistance with safety and health hazard recognition, safety and health management techniques, and safety and health training designed to control hazards at the worksite. Employers can expect savings resulting from lower Occupational Safety and Health Administration (OSHA) fines and litigation, fewer employee lost workdays, improved production, increased worker morale, and lower workers' compensation and medical costs. To continue the department's ability to provide assistance, the Governor recommends:

- \$122,459 for OSHA professional development training for department employees.
- \$113,494 for two additional mine safety instructors.
- \$43,472 for one additional safety and health consultant.

Following are some performance measures the Department of Labor uses to monitor its success in making workplaces safe for Missourians:



DEPARTMENT ADMINISTRATION

Department administrative functions were centralized within the Director's Office in 1994, including: administrative services, data processing, facilities and maintenance, financial management, human resources, legislative and public relations, research and analysis, telecommunications, legal, and fraud detection and investigation. The Director's Office provides leadership and supervision in the areas of policy, operation, and interagency coordination/cooperation.

Fiscal Year 2001 Governor's Recommendations

- \$57,118 federal and other funds for replacement vehicles.
- \$17,008 federal funds for increased administrative costs related to new on-site consultation staff.
- \$11,898 federal funds for increased administrative costs related to new mine safety and health program staff.
- \$132,258 pay plan, including \$2,820 general revenue.
- \$1,105,994 transferred from the Office of Administration fringe benefits to the administrative fund, including \$100,521 general revenue.
- \$360,835 federal funds for ten staff transferred from the Division of Employment Security.
- \$121,810 increased transfer to the administrative fund for pay plan, including \$11,207 general revenue.
- \$43.084 for one staff transferred from the Division of Labor Standards.
- \$29,564 other funds for .94 staff transferred from the Labor and Industrial Relations Commission.
- (\$198,174) other funds for (1.34) staff core reduction for one-time expenditures.
- (\$150,003) federal funds core reduction from the Fiscal Year 2000 appropriation level.
- (\$109,600) core reduction from the Fiscal Year 2000 appropriation level, including (\$25,000) general revenue.
- (\$29,564) for (.94) staff transferred to the Labor and Industrial Relations Commission, including (\$18,786) general revenue.
- (\$18,000) federal funds transferred to the Missouri Commission on Human Rights.

INDUSTRIAL COMMISSION

The three-member Labor and Industrial Commission reviews all appeals from all decisions and awards in workers' compensation, unemployment compensation, prevailing wage cases, and victims of crime compensation cases at the highest administrative level. The commission conducts hearings and renders written opinions pursuant to the provisions of the Missouri Administrative Procedure Act. The commission's opinions are subject to review by the judiciary.

Fiscal Year 2001 Governor's Recommendations

- \$18,469 pay plan, including \$1,140 general revenue.
- \$29,564 for .94 staff transferred from Department Administration, including \$18,786 general revenue.
- (\$29,564) other funds for (.94) staff transferred to the Division of Workers' Compensation.

DIVISION OF LABOR STANDARDS

State statutes require the Division of Labor Standards to assure the safety and health of Missouri workers. To reduce deaths and disabling injuries, staff conducts regular and special on-site inspections of businesses, industries, and commercial mines and caves. To ensure compliance with statutory provisions governing wage rates for public works projects, the division periodically surveys prevailing wage rates for laborers, mechanics, and other workers employed in the construction industry. The division conducts on-site inspections to assure compliance with Missouri child labor law. Also, the division provides training seminars for mine operators and miners. All miners, whether surface or underground, are required by federal law to complete a minimum number of hours in training before beginning work. The division provides on-site safety and health surveys to business and industrial facilities by qualified professional consultants to identify hazards and recommend means for eliminating them. Private employers are not charged for this service. The division performs these surveys upon employer requests.

Fiscal Year 2001 Governor's Recommendations

- \$165,931 for one staff to expand on-site safety and health programs, including \$33,019 general revenue.
- \$113,494 for two mine safety instructors to comply with Federal Regulation CFR 30 Part 46, including \$30,106 general revenue.
- \$22,000 to ensure communications with central office via the Internet and provide field staff security.
- \$59,769 for pay plan, including \$37,035 general revenue.
- (\$43,084) for (one) staff transferred to Department Administration.

GOVERNOR'S COUNCIL ON DISABILITY

The Governor's Council on Disability encourages statewide interest in the rehabilitation and employment of people with disabilities. The council works in cooperation with the President's Committee on Employment of People with Disabilities and with local committees and chapters to promote job opportunities for disabled persons.

Fiscal Year 2001 Governor's Recommendations

• \$17,107 for pay plan, including \$7,030 general revenue.

STATE BOARD OF MEDIATION

State law authorizes the Board of Mediation to mediate public utility labor disputes so that employers and union employees can settle disputes peacefully without strikes or lockouts. If direct mediation fails to settle a dispute, the board may appoint a public hearing panel to hear the dispute again and prepare a report and recommendations to the parties and the Governor for settlement. The board also has statutory authority to provide a forum where representatives from management and labor in the public sector may meet and where bargaining disputes may be heard impartially and equitably. In addition, public employees are permitted the right to vote for or against unionization through elections. The board is responsible for conducting and certifying the results of each election and for determining the majority representative status of public sector bargaining units.

Fiscal Year 2001 Governor's Recommendations

• \$3,215 for pay plan.

MISSOURI COMMISSION ON HUMAN RIGHTS

The Missouri Commission on Human Rights works to ensure fair treatment for all Missourians regardless of their race, color, religion, national origin, ancestry, sex, disability, or age. The commission receives, investigates, and renders findings on complaints of discrimination in housing, employment, and public accommodations. The commission is also responsible for fostering good will among diverse groups through education and outreach.

Fiscal Year 2001 Governor's Recommendations

- \$68,908 for pay plan, including \$45,182 general revenue.
- \$18,000 federal funds transferred from Department Administration.

DIVISION OF WORKERS' COMPENSATION

FINANCIAL SUMMARY



<u>ADMINISTRATION</u>

The Division of Workers' Compensation processes all reports of job-related injuries and formal complaints filed under the Workers' Compensation Act. The division adjudicates disputed claims, supervises rehabilitation of seriously injured workers, helps develop safety programs, and investigates and approves applications by employers for self-insurance. The Missouri Worker Safety Program was merged with the Workers' Compensation Administration in Fiscal Year 1995.

Fiscal Year 2001 Governor's Recommendations

- \$519,218 other funds for three additional Administrative Law Judges and two additional legal advisors.
- \$558,904 other funds for pay plan.
- \$23,712 for space in the Workers' Compensation building for general revenue funded programs.
- \$15,057 transferred from leases administered by the Office of Administration.
- (\$7,255) federal and other funds core reduction from the Fiscal Year 2000 appropriation level.

SECOND INJURY BENEFITS

The second injury fund, as established in Section 287.220, RSMo provides workers' compensation benefits for injured employees who have preexisting permanent partial disabilities. The fund may also be used to cover expenses of an employee who was injured while working for an uninsured employer, or to compensate workers for lost wages from one job when they are injured while working at a second job.

Fiscal Year 2001 Governor's Recommendations

Continue funding at the current level.

CRIME VICTIMS' ADMINISTRATION

The Crime Victims' Administration Unit was established to investigate all claims by victims of crime which are filed with the division in order to determine eligibility under the statute and the amount of losses incurred. The unit fulfills these responsibilities by processing and investigating claims and awarding or denying compensation.

Fiscal Year 2001 Governor's Recommendations

- \$7,778 other funds for pay plan.
- (\$17,253) other funds for one-time expenditures.

CRIME VICTIMS' COMPENSATION BENEFITS

The crime victims' compensation fund, established in Section 595.045, RSMo provides compensation to individuals who suffer financial loss as the result of a crime. Revenues are provided to the fund from fees assessed by the courts on individuals found guilty of violations of law.

Fiscal Year 2001 Governor's Recommendations

Continue funding at current level.

DIVISION OF EMPLOYMENT SECURITY

FINANCIAL SUMMARY



<u>ADMINISTRATION</u>

The administration of the Division of Employment Security includes two major programs, Unemployment Insurance and Job Service.

Through the Unemployment Insurance Program, the division is responsible for determining employer liability, collecting unemployment compensation taxes from Missouri liable employers, paying unemployment benefits to eligible claimants, maintaining wage records of Missouri workers, and investigating cases involving possible fraud and benefit over-payments.

In Fiscal Year 2000, the Job Service programs were transferred to the Division of Workforce Development in the Department of Economic Development.

Fiscal Year 2001 Governor's Recommendations

- \$703,092 federal funds for pay plan.
- (\$360,835) federal funds for (ten) staff transferred to Department Administration.

SPECIAL EMPLOYMENT SECURITY FUND

The special employment security fund is derived from interest and penalties collected under the provisions of the Missouri Employment Security Law. Expenditures from this fund are made in accordance with Section 288.310, RSMo, the Employment Security Law, which includes refunds of over-collected interest and penalties. The fund may also be used to acquire suitable office space for the division. Section 288.129, RSMo provides for federal interest payments on federal fund advances to the unemployment trust fund.

Fiscal Year 2001 Governor's Recommendations

• \$2,174,640 other funds to complete software development of Employment Security's automated tax program.

EMPLOYMENT AND TRAINING PAYMENTS

The Division of Employment Security operates employment and training programs authorized and funded by the U. S. Department of Labor, such as Job Training Partnership Act (JTPA) programs. The division contracts with the Division of Job Development and Training and Service Delivery Areas (SDAs) to provide a full range of services authorized under JTPA designed to help prepare individuals with barriers to employment for the workforce. Services include referral to employer job openings, job readiness skills training, referral to classroom or employer training, as well as payment of support services such as transportation.

Fiscal Year 2001 Governor's Recommendations

Continue funding at the current level.



Missouri Office of Administration

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FY 2001 EXECUTIVE BUDGET

DEPARTMENT BUDGETS MENTAL HEALTH

FINANCIAL SUMMARY



POLICY SUMMARY

Governor Carnahan's budget for Fiscal Year 2001 provides a total of \$668.4 million for the Department of Mental Health. That is an increase of \$26.3 million over the Fiscal Year 2000 appropriation level. The increased funds will be used to improve the lives and mental health of Missouri's children, enhance the ability of mentally ill and developmentally disabled Missourians to live successfully in their homes and communities, and enhance the quality of the state's mental health services. The Governor's recommendations invest disproportionate share Medicaid reimbursements for outpatient services offered by the department's facilities in improvements for mental health services.

IMPROVING THE LIVES OF MISSOURI'S CHILDREN AND ADOLESCENTS

Missouri has seen improvement in the rates of youth using alcohol and drugs. The percentage of high school students reporting binge drinking fell from 38 percent in 1997 to 32 percent in 1999. Similarly, the percentage of students using marijuana dropped from 28 to 26 percent in the same period. The historical pattern, however, has been for young Missourians to use alcohol, drugs, and tobacco at rates higher than youth in the nation as a whole. In 1997, for instance, the 38 percent of Missouri's students who indulged in binge drinking within the last 30 days compared with 33 percent nationally. The patterns for the use of tobacco and illegal drugs are similar. Many Missouri children and youth also suffer from mental illness and serious emotional disturbances. Among other things, these problems contribute to lack of success in school and, for some, involvement in criminal activity. The juvenile courts and public schools also report a growing need for mental health services for children in their programs. To address these issues affecting Missouri's children and youth, Governor Carnahan recommends \$7.3 million for the following areas:

- \$1.3 million for additional alcohol and drug treatment capacity for adolescents. This will provide a 16-bed residential program capable of treating 150 youth each year, with follow-up outpatient services for 60 of them, and additional outpatient services for another 481 children and adolescents.
- \$1.2 million to toughen enforcement of the state's laws against the sale of tobacco products to minors. In 1999, a federal agency contended that Missouri did not meet federal targets established under the Public Health Service Act of 1993 for merchant compliance with tobacco sales laws. The state faced the prospect of losing more than \$9 million in federal funding for substance abuse treatment. The Governor's recommendation will help the state comply with federal expectations while also making an important contribution to the long-term health of Missouri's young people.
- \$4.8 million to improve and expand treatment and family support services for mentally ill and seriously emotionally disturbed children. This will extend services through the Community Psychiatric Rehabilitation Program to 2,275 children with serious mental illnesses and other psychiatric diagnoses that make them eligible for the program. More intensive case management and in-home assistance will be available to 227 youth, along with a variety of other specialized services such as Families First, foster and respite care, and day treatment.

Following are some performance measures the Department of Mental Health uses to evaluate the impact of substance abuse and mental health problems among children and youth:



GREATER OPPORTUNITIES FOR LIFE IN THE COMMUNITY

With appropriate treatment and support services, Missourians with mental illness and developmental disabilities can enjoy

most of the same benefits of daily life that are available to their contemporaries, in their own homes, schools, and communities. Those benefits include employment in regular jobs, participation in community life and activities, and the ability to make their own decisions about the course of their lives. Governor Carnahan strongly supports the department's philosophy of helping the people it serves live as normally and independently as they can and recommends \$14.3 million for services to broaden and deepen that commitment. His recommendations for greater opportunities for mental health consumers to be active participants in their communities include:

- \$8.3 million for treatment and support services and new medications for adults with mental illness. These funds will
 extend the Community Psychiatric Rehabilitation Program to another 8,900 persons. The Governor's recommendation
 also covers other service enhancements, including intensive case management and support services for 600 persons;
 employment of 39 qualified consumers and their family members as case manager assistants; peer support programs;
 flexible help with housing start-up costs such as deposits and utilities; and enhanced services for clients in residential
 care facilities.
- \$5.4 million for consumer and family directed supports for persons with developmental disabilities. This will put 41 consumers over the age of 18 and 272 additional families of individuals with developmental disabilities in charge of the services they receive. This approach enables individuals and families to identify their own needs, determine the resources best suited to meet those needs, and develop their own relationships with providers of the necessary services. This recommendation also includes residential or intensive in-home services for 100 individuals whose parents are no longer able to care for them at home because of age or poor health; provides training and information for families of persons with developmental disabilities; and allows additional local resources to be used to obtain additional residential, vocational, and related services under the Medicaid Home- and Community-Based Waiver.
- \$600,000 to help more clients prepare for and obtain employment at regular jobs in the community. Services covered include four employment specialists associated with providers in the Community Psychiatric Rehabilitation Program and work therapy for some 70 mentally ill clients. The funds will also provide supported employment services for 95 developmentally disabled individuals and school-to-work transition services for 40 developmentally disabled youth.

Following are some performance measures the Department of Mental Health uses to evaluate the quality of life of Missourians with mental illness and developmental disabilities:



ENSURING THE QUALITY OF MENTAL HEALTH SERVICES

The Department of Mental Health serves over 140,000 Missourians each year. Most of these people come to the department because they have limited incomes and are therefore dependent on state-provided services. Many are highly vulnerable because of major mental illnesses and other disabilities. Others are unable to live and work normally in their communities because they are dependent on alcohol or drugs. It is crucial not only to their success in coping with and overcoming these disabilities, but also to the economical use of public resources, that the treatment and support services they receive are appropriate and effective. Governor Carnahan's recommendations include several measures aimed at ensuring the quality of Missouri's mental health services:

- \$6.3 million for provider rate increases, with funds particularly targeted to direct care staff for better salaries in the areas of alcohol and drug abuse treatment and services for persons with developmental disabilities.
- \$3.9 million to replace core reductions from the health initiatives fund. These reductions were necessary because of the decline in tobacco tax revenue, which supports alcohol and drug prevention and treatment activities, and increased appropriations from the fund in past years.
- \$3.4 million for 64 additional case managers to help the Division of Mental Retardation and Developmental Disabilities maintain appropriate case manager-client ratios and 13 nurses for regional centers to improve client health care.
- \$730,634 for 24 staff at Fulton State Hospital to open new group home capacity for forensic clients and to meet staffing mandates established by the federal Department of Health and Human Services for client seclusion and restraint.
- \$81,544 for an independent advisory and review organization to help consumers with grievances, appeals, and other dealings with the department; to conduct consumer and family reviews of the department's programs and facilities; and to monitor the department's quality assurance, quality improvement, and grievance and appeals processes.

OFFICE OF THE DIRECTOR

The Department of Mental Health serves persons with mental illness, developmental disabilities, and substance abuse problems through institutional- and community-based programs. These programs are operated by the Divisions of Alcohol and Drug Abuse, Comprehensive Psychiatric Services, and Mental Retardation and Developmental Disabilities. The seven-member Missouri Mental Health Commission appoints the Department of Mental Health Director.

The Office of the Director implements the plans and policies of the Mental Health Commission and manages the department. Its Office of Administration provides management and fiscal support, including the annual budget, capital improvements, accounting, building maintenance and management, revenue collection, contracting, dietary consultation, purchasing, and general services. The Office of Departmental Affairs performs audit services, abuse and neglect investigations, licensure and certification functions, medical oversight, legal counsel and financial counseling, and services for the deaf. The Office of Human Resources oversees personnel and labor relations. The Office of Public Affairs disseminates information about mental health programs and services and assists the divisions and facilities in such activities. The Office of Information Systems manages and develops the department's data processing capacity.

The Office of the Director also administers several department-wide activities. These include refunding overpayments by private payors and insurers; tracking the use of private donations to the department; maintaining department facilities; administering federal grants; providing work therapy for mental health clients who are in the welfare program; and monitoring the Caring Communities Program.

Fiscal Year 2001 Governor's Recommendations

- \$81,544 for an independent advisory and review organization to help consumers in their relationships with the department, including \$40,772 general revenue.
- \$431,122 for pay plan, including \$400,829 general revenue.
- \$1,048,303 for a net increase of 42.84 staff from miscellaneous core transfers, including \$985,983 general revenue.
- (\$4,729,131) for one-time equipment purchases, including (\$4,706,166) general revenue.
- (\$101,110) for (2.61) staff in core adjustments and reductions from the Fiscal Year 2000 appropriation level.

DIVISION OF ALCOHOL AND DRUG ABUSE

The Division of Alcohol and Drug Abuse (ADA) works to prevent substance abuse and provides treatment for rehabilitation of substance abusers and compulsive gamblers. The division helps clients through counseling, detoxification, residential treatment, and other services purchased from community agencies. The Comprehensive Substance Treatment and Rehabilitation (CSTAR) Program provides long-term outpatient and follow-up services, with partial funding through Medicaid. The central office of the division certifies providers, offers prevention education and training, works with communities developing their own prevention programs, carries out research and evaluation, and provides fiscal management. Missouri receives federal funds from the Substance Abuse Prevention and Treatment Block Grant, the Center for Substance Abuse Treatment, and the U.S. Department of Education.

Fiscal Year 2001 Governor's Recommendations

- \$3,900,185 to offset a reduction in resources from the health initiatives fund.
- \$1,333,676 for provider rate increases targeted to improving direct care staff salaries.
- \$1,250,316 for substance abuse treatment services for adolescents.
- \$1,200,000 for enforcement of laws against the sale of tobacco products to minors.
- \$115,228 for pay plan, including \$57,807 general revenue.
- (\$355,960) for (8.09) staff in miscellaneous core transfers, including (\$293,640) general revenue.
- (\$3,900,185) health initiatives fund to reflect the decline in tobacco tax revenues.
- (\$52,483) to reflect an increase in federal financial participation for Medicaid services, including (\$19,455) general revenue.
- (\$33,975) for (one) staff in core adjustments and reductions from the Fiscal Year 2000 appropriation level, including (\$37,693) general revenue.
- (\$2,300) federal funds for one-time equipment purchases.

DIVISION OF COMPREHENSIVE PSYCHIATRIC SERVICES

The Division of Comprehensive Psychiatric Services operates several state facilities and purchases residential, rehabilitative, and support services for clients who live in community settings. The ultimate objective is an integrated mental health service system which will enable clients to live as normally and independently as their conditions permit. The division funds a wide array of services, including residential care centers, foster homes, group homes, independent living programs, nursing homes, supported employment, crisis intervention, psychiatric rehabilitation, and other forms of assistance. Many of these services are partially funded through Medicaid.

The division provides inpatient care at three rehabilitation centers, two children's psychiatric hospitals, one children's residential center, and four state-operated acute care centers. These facilities offer inpatient care for adults who are seriously mentally ill and for severely emotionally disturbed children. Services include acute care, long-term rehabilitation for clients

who are not ready to return to the community, and outpatient care. A large part of the population in the long-term rehabilitation facilities consists of forensic clients. These are people committed to the department by the courts as not guilty by reason of mental disease or defect, or as incompetent to stand trial. Fulton State Hospital and the Southeastern Missouri Mental Health Center also provide mental health care for prison inmates. Following are data for these facilities:



Fiscal Year 2001 Governor's Recommendations

- \$5,252,202 to expand treatment and support services for persons with serious mental illness.
- \$4,812,940 to expand treatment and support services for children and youth.
- \$3,017,424 for new, more effective medications.
- \$2,242,773 for provider rate increases.
- \$730,634 for 24 staff at Fulton State Hospital to establish additional group home capacity for forensic clients and to meet staffing levels for seclusion and restraint of clients mandated by federal regulations.
- \$300,000 for provider-based employment specialists and work therapy to help consumers prepare for and obtain regular jobs in the community.
- \$105,440 for replacement of high mileage vehicles.
- \$4,515,938 for pay plan, including \$4,478,591 general revenue.
- (\$4,738,331) to transfer funding for facility lease-purchase payments to the Office of Administration.
- (\$2,819,345) other funds for (three) staff in core reduction to eliminate excess appropriation authority.
- (\$1,317,519) for (10.87) staff in miscellaneous core adjustments and reductions from the Fiscal Year 2000 appropriation level, including (\$1,394,373) general revenue.
- (\$173,691) net change to reflect an increase in federal financial participation for Medicaid services, including (\$197,122) general revenue.
- (\$60,478) for a net reduction of (16.52) staff from miscellaneous core transfers.
- (\$27,311) for one-time equipment purchases.

DIVISION OF MENTAL RETARDATION AND DEVELOPMENTAL DISABILITIES

The Division of Mental Retardation and Developmental Disabilities operates several facilities and purchases residential, habilitative, and support services for clients who live in the community and for families who keep their developmentally disabled children at home. This is a key element in the development of an integrated system which will enable mentally retarded and developmentally disabled clients to live as normally and independently as their conditions and behavior permit. Community-based services range from residential placements to support services for persons living with their families or in their own apartments. The Medicaid Home- and Community-Based Waiver plays a major role in the division's community service system. Its 11 regional centers are the entry and exit points for clients. They provide screening and diagnostic services for both children and adults, evaluate the need for services and arrange for them, and monitor and assess the clients' progress.

The division provides residential services at the five state habilitation centers. These centers offer long-term training and habilitation for clients who cannot move into community settings because of the severity of their disabilities or for behavioral reasons. Those who can make the change are eventually moved into community settings, with the goal of integrating them as fully as possible into normal community life. The following table shows the number of beds in the habilitation centers:



Fiscal Year 2001 Governor's Recommendations

- \$4,210,395 to expand and improve consumer- and family-directed support services.
- \$2,759,128 for 64 additional case managers to maintain adequate client-to-case manager staffing ratios, including \$913,816 general revenue.
- \$2,703,551 for provider rate increases targeted to improving direct care staff salaries.
- \$1,000,000 mental health trust fund to allow local funds to be used for Medicaid services under the Home- and Community-Based Waiver.
- \$605,228 for 13 nurses to improve and monitor the health care of regional center clients, including \$151,307 general revenue.
- \$300,000 for supported employment and school-to-work transition services.
- \$200,000 federal funds for a grant to provide training and information resources for families of children with developmental disabilities.
- \$144,980 for replacement vehicles.

- \$4,134,258 for pay plan, including \$4,008,871 general revenue.
- (\$699,225) for (18.23) staff in miscellaneous core transfers.
- (\$610,621) to reflect an increase in federal financial participation for Medicaid services, including (\$650,974) general revenue.
- (\$497,525) for (11.18) staff for miscellaneous core adjustments and reductions from the Fiscal Year 2000 appropriation level, including (\$921,255) general revenue.

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Missouri Office of Administration
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FY 2001 EXECUTIVE BUDGET

DEPARTMENT BUDGETS OFFICE OF ADMINISTRATION

FINANCIAL SUMMARY



(1) These totals do not include appropriations from the OA revolving administrative trust fund and the state facility maintenance and operation fund because they are funded from inter-agency billings.

POLICY SUMMARY

The Office of Administration is the central state agency responsible for promoting government accountability, effectiveness, and efficiency. For Fiscal Year 2001, the Governor recommends an increase of \$100,140,132 for continued improvement in the use of state resources, employee benefits, and other responsibilities assigned to the Commissioner of Administration.

STATE EMPLOYEE COMPENSATION

To deliver high-quality services, the state must be able to compete for qualified, high-performing employees at all levels of government. Governor Carnahan is committed to attracting and retaining an experienced, dedicated, and productive workforce. State employee compensation policy is faced with two problems. First, state employee salaries are on average 15.4 percent below the market rate. The table below shows how state employee salaries compare to the market, based on various surveys and indexes.



Second, the average percentage by which all classes are behind the market masks the fact that some jobs are paid at the market rate while others lag by more than 20-25 percent. This wide disparity makes it difficult for the state to recruit and retain employees in many job classes. The Governor's recommendations for Fiscal Year 2001 address both compensation problems. State employees will receive about a one-percent, three-percent or four-percent increase depending on their salary's relationship to the marketplace and where they are in the state's pay structure. Most employees will receive about a four-percent increase. Recommendations include:

- \$21.5 million, including \$11.8 million general revenue, for a salary increase of \$300 for each employee, including related fringe benefits. The cost of the pay plan without accompanying fringe benefits is \$18.2 million, including \$9.9 million general revenue.
- \$53.1 million, including \$31.4 million general revenue, for a marketplace within grade salary increase for successful employees, including related fringe benefits. The cost of the marketplace within grade salary increase without accompanying fringe benefits is \$44.8 million, including \$26.5 million general revenue. The marketplace within grade salary increase was recommended by the Ad Hoc Task Force on Total Compensation and the state's Personnel Advisory Board. Employees must have successful performance to receive a marketplace step salary increase. Eligible employees will receive two steps during the year with a phased implementation if they are two steps or more below the marketplace rate step. Employees one step below, at, or above the marketplace rate step will receive a one-step pay increase. Eligible employees at least one step below the top step of the salary range will receive a one-step pay increase beginning July 1, 2000. Employees eligible for a two step pay increase will receive the second step on January 1, 2001. Each step is roughly equal to a two-percent salary increase. The advancements recognize performance and length of service with the state and help retain a trained, productive workforce. This is the fifth year of a multi-year plan of marketplace within grade increases to achieve market comparability.
- \$48.7 million, including \$35.1 general revenue, for increased costs to the state for participation in the Missouri Consolidated Health Care Plan.

During Fiscal Year 2001, state employees will transition to a semi-monthly lag payroll from a monthly anticipatory payroll. The revised payroll system will enable the state to take advantage of important features in the new statewide financial management system. The new system will provide more accurate and timely pay and leave information, provide better management of leave usage, significantly decrease errors and recalculations inherent in an anticipatory payroll, and eliminate duplicate agency leave systems. To ensure that state employee salaries are not reduced during the change, state employees will receive a transition payment equal to half of their previous month's salary. The following table illustrates the hypothetical impact of the change in the payroll system with and without a transition payment for a state employee making \$24,000 per year.



The net cost of the transition payment is estimated at \$14.6 million over the next ten years as state employees leave employment. The second step of the marketplace within grade pay plan will be delayed until January 2001 to offset the cost of the transition payments. The delay of the marketplace pay plan will save the state \$15.7 million, including \$9.9 million general revenue, including related fringe benefits. This plan covers the entire ten-year net cost of the transition payments in the transition year.

SMART TECHNOLOGICAL INVESTMENTS

The Office of Administration strives to improve the state's business processes in the areas of budget, finance, purchasing, and human resources. The Fiscal Year 2001 budget supports wise investment in technology - investments that will improve the productivity and effectiveness of state agencies, including:

- \$6,497,884 general revenue for continued implementation, development, and maintenance of the new statewide financial management system. The new system will reduce the use of paper and duplicative systems, and increase the quality and timeliness of information needed for making sound financial decisions.
- \$3,993,664, including \$1,733,665 general revenue, for hardware and software upgrades needed to service increased agency use of the State Data Center (SDC). The SDC provides cost effective, high-quality, secure mainframe data processing services, resources, and solutions to state departments. These upgrades will help maintain satisfactory services to departments and will provide adequate resources to satisfy increased SDC use.
- \$1,500,000 for the Missouri Express Project to promote community-based Internet information services and to assist communities in providing essential information services through collaboration with local community agencies, and local and state governments. Funding will increase the number of community information networks across the state, promote Internet access through public-private partnerships, provide and upgrade information and communication services, and provide community training and technical support.
- \$154,164 for four permanent staff in the Missouri Technical Training and Education Center (MOTEC). The MOTEC facility provides low-cost technical training opportunities for state employees. Permanent staff will enable the center to continue to provide training and performance consulting to state agencies at a reduced cost.
- \$151,264 general revenue for software licensing renewal fees and two additional servers needed in Fiscal Year 2001 to address continued growth of the new statewide financial management system (SAM II), as well as the implementation of the human resources segment.

Following are some performance measures the Office of Administration uses to evaluate its leadership in administering state operations:



BETTER SERVICE, BETTER GOVERNMENT

The Office of Administration is responsible for a wide range of essential functions, including coordination of state information services; payment of employee benefits; and oversight of the leasing, design, and construction of state facilities. To ensure that the Office of Administration meets the needs of all state agencies in the most efficient and effective way, the Governor recommends:

- \$390,630 for 3.5 staff to make preparations for legislative reapportionment following Census 2000.
- \$270,768 for four staff to inspect the quality of construction of new buildings that the state will operate.
- \$139,372 for three staff to bring Workers' Compensation claims management staffing to industry standards.
- \$77,904 for two staff to centralize all lease payments in the Division of Facilities Management.

PARTNERSHIPS WITH LOCAL GOVERNMENTS AND COUNTIES

The Governor's recommendations include \$11,542,500 to allow the state to continue fostering good partnerships with local governments and counties. Specific recommendations include an additional:

- \$6,010,000 to reimburse counties for juvenile personnel costs.
- \$5,197,500 to reimburse counties and the City of St. Louis for certain costs incurred in prosecution and incarceration of indigent defendants in criminal cases. This increase is needed to maintain the current reimbursement rate of \$22.50 per day in addition to costs for extradition and transportation of prisoners.
- \$180,000 for Missouri's 17 rural Regional Planning Councils and the two metropolitan area Regional Planning Councils to continue their efforts to address environmental concerns, community and economic development, public safety, and transportation investments.
- \$155,000 to reimburse local election authorities for certain costs pertaining to local elections pursuant to HB 676 (1999).
- \$110,820 to reimburse counties for Public Administrators' secretaries.

COMMISSIONER'S OFFICE

This organization consists of the Commissioner of Administration and the central staff, including the department's legal counsel, the state human relations officer, the Office of Equal Opportunity, and the Office of Excellence in Customer Service. The commissioner directs the one agency that provides central services and support to all other agencies of state government. These services include accounting, budget and planning, information services, building design and construction, leasing operations, facilities management, personnel, purchasing, and general services. The Office of Administration also houses the Office of Information Technology which directs statewide policy, procedures, and standards for information technology.

Fiscal Year 2001 Governor's Recommendations

- \$28,778 for pay plan.
- \$186,468 for 5.7 staff transferred from the Division of General Services.
- \$12,500 transferred from the Division of General Services.
- \$4,921 transferred from the Division of Information Services.
- (\$4,030) core reduction for one-time expenditures.

DIVISION OF ACCOUNTING

The Division of Accounting maintains all financial records for state appropriations and funds, processes payments, controls production of warrants, and distributes checks. The division also issues warrants to the State Treasurer for expenditures and maintains computerized accounting, payroll, and check writing systems. Staff administer the Social Security Act for the state and political subdivisions. The division also provides financial data to executive and legislative officials.

Fiscal Year 2001 Governor's Recommendations

- \$87,572 for pay plan, including \$85,925 general revenue.
- \$30,000 transferred from retirement system contributions.
- \$25,802 transferred from the Division of Information Services.

DIVISION OF BUDGET AND PLANNING

The Division of Budget and Planning analyzes state government programs and provides recommendations and information to the Governor, General Assembly, and state agencies regarding fiscal and other policies. The division prepares the budget instructions, reviews all agency budget requests, makes funding recommendations to the Governor, and prepares the annual executive budget. Division staff analyze economic and demographic conditions, forecast state revenues, and conduct technical policy and program analysis. To assist in state government management, the division controls appropriation allotments, prepares legislative fiscal notes, evaluates programs, analyzes and develops policy options, and coordinates programs and the rulemaking process among agencies. The division prepares population estimates and projections required by state and local agencies and is Missouri's liaison to the United States Bureau of the Census. The division operates the State of Missouri Washington, D.C. office. In addition, the division uses federal grant funds for applied research in policy areas of statewide concern.

Fiscal Year 2001 Governor's Recommendations

- \$390,630 for 3.5 staff for Census 2000 Apportionment Commission Support.
- \$2,440 for membership dues to the National Association of State Budget Officers.
- \$45,178 for pay plan.
- \$12,147 transferred from the Division of Information Services.
- (\$49,694) core reduction for one-time expenditures.

DIVISION OF INFORMATION SERVICES

The Division of Information Services provides centralized computer processing services through the State Data Center (SDC), reviews departmental data processing plans, and manages the state telephone network. The division also approves the acquisition and disposition of computer equipment, provides procurement assistance to other state agencies, and provides data processing training for state employees.

This section provides mainframe computer processing services to the Office of Administration; Missouri Department of Transportation; Secretary of State; Departments of Revenue, Mental Health, Natural Resources, Insurance, Economic Development; and others. In addition, the consolidated SDC now provides services to the Departments of Social Services, Health, Labor and Industrial Relations, and the State Highway Patrol.

Fiscal Year 2001 Governor's Recommendations

- \$6,649,148 to continue implementation and maintenance of SAM II.
- \$1,733,665 for hardware and software upgrades needed to service increasing agency use of the SDC.
- \$164,825 for pay plan.
- Four staff to permanently staff the Missouri Training and Education Center to provide technology training specifically for state employees.
- (\$104,466) transferred to various Office of Administration divisions.

DIVISION OF DESIGN AND CONSTRUCTION

Staff of the division review plans and specifications for state construction, maintenance, and repair projects; select contracting architects and engineers; oversee capital improvements expenditures; provide information for the preparation of the capital improvements budget; and assist state agencies and institutions with building and renovation problems.

Fiscal Year 2001 Governor's Recommendations

• \$92,728 for pay plan.

- \$4,866 transferred from the Division of Information Services.
- 26 staff for continued management of the state's capital improvements program.
- (27) staff core reduction from the Fiscal Year 2000 appropriation level.

DIVISION OF PERSONNEL

The Division of Personnel provides central personnel management programs and services to all executive branch departments in compliance with the State Personnel Law and the principles of sound personnel management. Responsibilities include operation of the Missouri Merit System, position classification and compensation management, supervisory and management training, coordination of relations with employee unions, and providing personnel management expertise and other services to assist agencies.

The Personnel Advisory Board sets rules and regulations for the Merit System, approves classifications and pay plans, conducts appeal hearings for applicants and employees, and advises the Division of Personnel and the Governor on personnel administration.

Fiscal Year 2001 Governor's Recommendations

- \$105,772 for pay plan.
- \$2,888 to cover pay plan for the Uniform Classification and Pay project.
- \$27,305 transferred from the Division of Information Services.

DIVISION OF PURCHASING AND MATERIALS MANAGEMENT

The Division of Purchasing and Materials Management centralizes procurement to save money by purchasing supplies, materials, and services in larger quantities and encourages competitive bidding and awards on all contracts. All of state government is served except the University of Missouri, Lincoln University, Truman State University, Missouri Department of Transportation, Judiciary, Lottery, and the General Assembly. It encourages the participation of suppliers, including small disadvantaged businesses, in the competitive bid process and ensures compliance with Chapter 34, RSMo. The division also coordinates recycling collection efforts of state agencies and administers the Recycling Products Preference Program. The materials management section recycles property among agencies and sells surplus state equipment through negotiated, sealed bids and auction sales. Surplus property sales receipts are used to pay the expenses of surplus property sales with the remaining receipts distributed to the appropriate state funds from which the equipment was purchased.

Fiscal Year 2001 Governor's Recommendations

- \$89,795 for pay plan, including \$69,108 general revenue.
- \$20,392 transferred from the Division of Information Services.

DIVISION OF FACILITIES MANAGEMENT

The Division of Facilities Management operates, maintains, and manages state-owned office buildings and various other structures at the seat of government and other locations within the state.

<u>Leased Facilities Management</u> - The division is also responsible for all leased property acquired for use by selected agencies statewide. The division is the operating agent for the Office of Administration responsible for the acquisition of necessary space through the lease process. A competitive public bid process is used to acquire leased space.

Fiscal Year 2001 Governor's Recommendations

- \$3,158 for pay plan, including \$901 general revenue.
- \$626,164 increased transfer to the Office of Administration's revolving administrative trust fund for leasing administrative costs.
- \$2,248 transferred from the Division of Information Services.
- · Four staff to inspect the quality of new buildings and administer janitorial contracts for multi-tenant facilities.
- Two staff to allow the centralization of all lease payments to the Division of Facilities Management.
- (\$85,200) core reduction for one-time expenditures.
- (\$14,010) core reduction from the Fiscal Year 2000 appropriation level.

<u>Board of Public Buildings Debt Service</u> - Beginning in Fiscal Year 1987, the funds for debt service appropriated to individual buildings were transferred to this appropriation specifically to pay principal, interest, and reserve requirements on the outstanding bonds.

Fiscal Year 2001 Governor's Recommendations

- \$15,261,669 for debt service increase.
- \$100,000 for bond issuance costs.
- \$4,738,331 transferred from the Department of Mental Health to cover debt service costs on leased buildings that will be purchased with revenue bonds.

<u>State Office Buildings Operations</u>. This appropriation includes funds for operations, fuel, and utilities for state-owned, Office of Administration managed buildings statewide.

Continue funding at the current level.

State Office Buildings General Revenue Transfer - This appropriation is recommended so that funds other than general revenue can be utilized for state office buildings. The same funds that support the activity of state employees in state office buildings are charged for the cost of operating and maintaining the offices. In this way, the amount of general revenue can be reduced and more appropriate funds can carry their share of the cost of these buildings. Through the transfer mechanism, general revenue will be transferred into the operating accounts as state facility maintenance and operation funds at the beginning of the fiscal year. Other state funds will then be transferred to general revenue as appropriate during the fiscal year to offset that share of the cost of office space used by staff paid by other funds.

Fiscal Year 2001 Governor's Recommendations

\$296,862 increased transfer for state office building operations and seat of government expenses.

DIVISION OF GENERAL SERVICES

The division provides agencies with a variety of services such as printing, administration of the legal expense fund and the state employee Workers' Compensation Program, a central vehicle maintenance facility, forms management, and flight operations. The Division of General Services also provides staff to administer activities of the Missouri Public Entity Risk Management Fund, a liability insurance pool for Missouri public entities.

Fiscal Year 2001 Governor's Recommendations

- \$139,372 for three staff for Workers' Compensation staffing expansion.
- \$51,650 for pay plan.
- \$6,759 transferred from the Division of Information Services.
- (\$186,468) for (5.7) staff transferred to the Commissioner's Office.
- (\$149,000) core reduction for one-time expenditures.
- (\$12,500) transferred to the Commissioner's Office.

ADMINISTRATIVE HEARING COMMISSION

The Administrative Hearing Commission conducts pre-hearing conferences and full evidentiary hearings throughout Missouri, making findings of fact and conclusions of law relative to appeals and complaints. The commission's jurisdiction includes appeals of decisions made by the professional licensing boards and taxpayers' appeals of decisions made by the Department of Revenue; the Division of Liquor Control; the Missouri Health Facilities Review Committee; the Personnel Advisory Board; and the Departments of Mental Health, Health, and Social Services.

Fiscal Year 2001 Governor's Recommendations

- \$21,601 for pay plan.
- \$10 transferred from the Division of Information Services.

CHILDREN'S TRUST FUND

The Children's Trust Fund and Children's Trust Fund Board are established to facilitate and fund the development of community-based prevention programs to strengthen families and prevent child abuse and neglect, and to provide public education about the problem of child abuse and its prevention. The Children's Trust Fund Board has developed a long-range plan which is reviewed annually. Activities of the Children's Trust Fund are divided into two broad areas: public education, and program development and funding. Each includes an array of programs to meet the goals of the board.

Public education: development and coordination of a statewide volunteer Speakers Bureau; development and distribution of public service announcements for television and radio; a quarterly newsletter; implementation of an annual poster contest with grade school children emphasizing positive characteristics of families; special events to promote positive family life and encourage taxpayer contributions to the Children's Trust Fund on their Missouri state income tax returns; publication of parenting information which is distributed to all new parents in Missouri; distribution of literature to the general public; fund development; and annual public education campaigns.

Program development and funding: development and coordination of a volunteer peer mentoring program to promote excellence in community-based prevention programs; workshops and conferences on proposal writing, program evaluation, and strategic planning for community programs; technical assistance for community groups and organizations; a monthly newsletter to prevention organizations; facilitation and support of a network of state agencies which provide funding for community organizations; facilitation of a state-funded network to coordinate activities among agencies funding community services to families; demonstration program funding for special issues such as preventing child abuse and neglect among families affected by substance abuse; funding of community-based prevention programs; annual program evaluation; publication of evaluation results and recommendations for future program development; a free-loan resource library available to the general public and professionals; and supervision of the largest statewide VISTA volunteer network in Missouri.

• \$5,359 other funds for pay plan.

MISSOURI CHILDREN'S SERVICES COMMISSION

The Missouri Children's Services Commission Fund was established to receive grants, gifts, bequests, and federal grants to support the activities of the Children's Services Commission in accordance with Sections 210.101 through 210.103, RSMo.

Fiscal Year 2001 Governor's Recommendations

Continue funding at the current level.

MISSOURI ETHICS COMMISSION

The Missouri Ethics Commission was established in accordance with the provisions in SB 262 (1991). The commission is composed of six members, not more than three from the same political party. The responsibilities of the commission encompass those originally given to the Missouri Campaign Finance Review Board, along with the campaign reporting requirements formerly with the Campaign Reporting Division of the Secretary of State. The commission is responsible for receiving and maintaining lobbyist reports, personal financial disclosures, and election reports. It must investigate reports of campaign and ethical violations, develop ethical standards, and make determinations of allegations of ethical violations.

Fiscal Year 2001 Governor's Recommendations

- \$166,129 for computer/office equipment maintenance.
- \$62,500 for a data entry contract.
- \$54,525 for repositioning of staff.
- \$50,000 for computer equipment upgrade.
- \$50,000 for funding for prosecution services.
- \$30,000 for an electronic reporting tutorial.
- \$29,130 for one staff to track campaign finance reports.
- \$24,494 for pay plan.
- \$16 transferred from the Division of Information Services.

EMPLOYEE BENEFIT DISBURSEMENTS

FINANCIAL SUMMARY



CONTRIBUTION TO O.A.S.D.H.I. TAXES

The State of Missouri pays the employer's share of Federal Old Age and Survivors Disability and Health Insurance contributions on the salaries of all state employees, with the exception of employees of the state universities and four-year colleges. These funds are transferred to a contribution fund for matching payments to the Social Security Administration.

Fiscal Year 2001 Governor's Recommendations

- \$7,324,448 to fund contributions for state employees, including \$3,118,975 general revenue.
- \$81,546 transferred from the Department of Corrections' operating budget for fringe benefits.
- (\$1,105,994) transferred to the Department of Labor and Industrial Relations for fringe benefits, including (\$100,521) general revenue.

CONTRIBUTION TO MISSOURI STATE EMPLOYEES' RETIREMENT SYSTEM

The State of Missouri provides a fully-funded retirement program for employees through a contribution of a specified percentage of members' wages to the Missouri State Employees' Retirement System. Included in the state's contribution is a payment per month per eligible employee to the Missouri State Employees' Benefit Plan (life insurance program) and a payment for long-term disability premiums.

The contribution also includes payments of monthly benefits of certain retired state employees and payment of the state's contribution of monthly retirement benefits and survivor benefits of elected officials, legislators, judges, administrative law judges, and certain teachers transferring from the Public School Retirement System.

Fiscal Year 2001 Governor's Recommendations

- \$9,730,000 to fund contributions for state employees, including \$5,430,000 general revenue.
- (\$6,400,000) core reduction from the Fiscal Year 2000 appropriation level.
- (\$900,000) other funds core reduction from the Fiscal Year 2000 appropriation level.
- (\$30,000) transferred from retirement system contributions to the Division of Accounting.

MISSOURI CONSOLIDATED HEALTH CARE PLAN

The Missouri Consolidated Health Care Plan took over the administration of health care benefits for state employees effective January 1, 1994. Beginning January 1, 1995, municipalities and other public entities could join the Missouri Consolidated Health Care Plan as well, building a larger pool of members and greater bargaining power for lower cost medical services.

Fiscal Year 2001 Governor's Recommendations

• \$48,700,000 to fund contributions for state employees, including \$35,100,000 general revenue.

TEACHER RETIREMENT CONTRIBUTIONS

Section 104.342, RSMo has been revised to provide that the Commissioner of Administration shall requisition monthly and certify the payment of contributions to the Public School Retirement System (PSRS). Authority to transfer and expend these monies is required to comply with the statutory provisions. Certified teachers involved are employed by the Department of Elementary and Secondary Education and remain members of the PSRS.

Fiscal Year 2001 Governor's Recommendations

Continue funding at the current level.

DEFERRED COMPENSATION PROGRAM

The Missouri State Public Employees Deferred Compensation Commission, as established by Sections 105.900 to 105.925, RSMo, provides indirect compensation to state employees in the form of tax-deferred income. Section 105.927 allows the state to credit \$25.00 per month to qualified participants in the plan. The monies transferred must be paid to the various deferred compensation plans. Matching payments were made available as of January 1, 1996.

Fiscal Year 2001 Governor's Recommendations

• \$200,000 federal funds to fund contributions for state employees

DISBURSEMENT FOR UNEMPLOYMENT BENEFITS

The State of Missouri, as a governmental entity, is required to pay contributions to the Division of Employment Security as specified by law so that unemployment claims may be paid to former employees. A governmental entity may elect to either pay contributions in advance based on a statutory formula or to reimburse the Division of Employment Security for actual claims paid out to former employees. The State of Missouri utilizes the reimbursement for actual claims paid option. By using this deferred method of payment and one central appropriation, the state simplifies the administration of unemployment benefits.

Fiscal Year 2001 Governor's Recommendations

• \$146,500 for increased disbursements.

TAXES WITHHELD IN ERROR

The Office of Administration's Division of Accounting is responsible for the withholding of federal, state, and local taxes from state employees' pay. This appropriation authority is required to refund to employees taxes withheld in error.

Fiscal Year 2001 Governor's Recommendations

Continue funding at the current level.

VOLUNTARY LIFE INSURANCE

HB 882 (1993) established the State Employees' Voluntary Life Insurance Commission to provide voluntary life insurance products to state employees. The bill specifies that monies withheld from state employees' pay for insurance products be deposited to the Missouri State Employees' Voluntary Life Insurance Fund. This appropriation provides expenditure authority to distribute the monies withheld to the various life insurance companies as designated by the employees.

Fiscal Year 2001 Governor's Recommendations

Continue funding at the current level.

ADMINISTRATIVE DISBURSEMENTS

FINANCIAL SUMMARY



FLOOD CONTROL LANDS FUNDS

The Flood Control Lands Grant is a "pass-through" of funds that represents 75 percent of the monies from leases of the land owned by the United States under the Flood Control Act. Sections 12.080 and 12.090, RSMo prescribe that the funds be used for the benefit of public schools and public roads of the county in which the government land is situated. These funds also may be used for any expenses of the

county government, including public obligations of levee and drainage districts for flood control and drainage improvements.

Fiscal Year 2001 Governor's Recommendations

Continue funding at current level.

NATIONAL FOREST RESERVE FUNDS

The National Forest Reserve Grant is a "pass-through" of funds which is received from the federal government. Sections 12.070 and 12.090, RSMo provide for 25 percent of all the money received by the National Forest Reserve by the state to be expended for the benefit of the public schools and public roads of the county in which the forest reserve is located. Of the total received, 75 percent will be spent for public schools and 25 percent for public roads.

Fiscal Year 2001 Governor's Recommendations

Continue funding at the current level.

CLARENCE CANNON PAYMENT

A contract with the U.S. Army Corps of Engineers, developed with the concurrence of the executive and legislative branches, requires that the state pay a share of the cost of water supply storage in Mark Twain Lake on the Salt River in northeastern Missouri. The contract results from a request by the state for the Corps to build water supply storage into the Clarence Cannon Dam project to meet water needs of that part of Missouri which has been chronically short of potable water.

Fiscal Year 2001 Governor's Recommendations

Continue funding at the current level.

MISSOURI HEALTH AND EDUCATIONAL FACILITIES AUTHORITY DEBT SERVICE

The Missouri Health and Educational Facilities Authority (MoHEFA) has issued \$39,999,569.14 in Series A 1989 Missouri College Savings Bonds to fund building projects at the University of Missouri pursuant to HB 19 (1988), Sections 19.007, 19.009, 19.012, and 19.015 and Section 360.046, RSMo.

Fiscal Year 2001 Governor's Recommendations

Continue funding at the current level.

NEW JOBS TRAINING CERTIFICATES

Sections 178.892 to 178.896, RSMo established the New Jobs Training Program. Businesses establishing new jobs in the state can enter into an agreement with a community college district to provide training for new employees. The training is funded from the proceeds of new jobs training certificates issued by community college districts. The debt service on the certificates is payable from the employees' Missouri income tax withholding credits. If the business would sharply decrease or eliminate its operations, funds may not be available to meet debt service costs.

Fiscal Year 2001 Governor's Recommendations

Continue funding at the current level.

CASH MANAGEMENT IMPROVEMENT ACT

The federal Cash Management Improvement Act of 1990 and 1992 requires that the state pay interest on certain federal grant monies while deposited in the State Treasury. Interest is calculated and paid at the daily equivalent of the annualized 13-week average Treasury Bill rate.

Fiscal Year 2001 Governor's Recommendations

Continue funding at the current level.

COUNTY JUVENILE PERSONNEL REIMBURSEMENTS

The state is required to reimburse specified counties for the salary of a chief deputy juvenile officer and one deputy juvenile officer. Since Fiscal Year 1991, counties have had the option of being reimbursed for these two positions or a percentage of all juvenile court personnel. In Fiscal Year 2001, the state will finish making reimbursements under prior statutes and will begin reimbursing First Class counties pursuant to Sections 211.393 and 211.394, RSMo.

Fiscal Year 2001 Governor's Recommendations

• \$6,010,000 to increase reimbursements to counties for juvenile court personnel.

COMPACT FOR EDUCATION

The payment of dues for the Compact for Education allows Missouri to maintain a position of leadership and cooperation with other states in the field of education. The Compact for Education serves as a clearinghouse for information on matters relating to educational issues. The Education Commission of the States consists of seven representatives from each state, of which one member shall be the Governor, two shall

be members of the state legislature, and four shall be appointed by the Governor. The commission fosters research and suggests policies and plans for the improvement of public education as a whole.

Fiscal Year 2001 Governor's Recommendations

Continue funding at the current level.

CONVENTION AND SPORTS COMPLEX PROJECTS

SB 295 (1989) authorizes annual appropriations of state matching funds for convention and sports complex capital projects in certain cities and counties. Ongoing projects include: Jackson County Sports Complex Stadium, \$3,000,000; Bartle Hall, \$2,000,000; and Transworld Dome, \$12,000,000.

Fiscal Year 2001 Governor's Recommendations

Continue funding at the current level.

LEWIS AND CLARK 2004

The Lewis and Clark 2004 Commission is coordinating efforts in Missouri to mark this milestone in American history.

Fiscal Year 2001 Governor's Recommendations

• (\$100,000) core reduction for one-time expenditures.

GOVERNMENTAL ACCOUNTING STANDARDS BOARD DUES

The Governmental Accounting Standards Board (GASB) was organized in 1984 to establish financial reporting standards for activities and transactions of state and local governments. Each state is assessed dues for support of the organization.

Fiscal Year 2001 Governor's Recommendations

Continue funding at the current level.

COUNTY REIMBURSEMENTS FOR PUBLIC ADMINISTRATOR SECRETARIES

The state may provide reimbursements to counties for payment of Public Administrators' secretaries' salaries in counties containing mental hospitals.

Fiscal Year 2001 Governor's Recommendations

\$110,820 to reimburse counties for Public Administrators' secretaries.

THE MISSOURI EXPRESS PROJECT

The Missouri Express Project promotes community-based Internet information services and assists communities in providing essential information services through collaboration with local community agencies, and local and state governments.

Fiscal Year 2001 Governor's Recommendations

• \$1,500,000 for the Missouri Express Project to promote community information networks.

COUNTY PROSECUTION REIMBURSEMENTS

The state may provide reimbursement to counties for expenses incurred in the prosecution of crimes occurring within correctional institutions and expenses of trials of capital cases in limited circumstances.

Fiscal Year 2001 Governor's Recommendations

Continue funding at the current level.

COSTS IN CRIMINAL CASES

In accordance with Chapters 550 and 548 and Section 57.290, RSMo, the state pays counties and sheriffs for court costs of indigents in criminal cases and costs of incarceration, transporting prisoners to state prisons, and serving extradition warrants.

Fiscal Year 2001 Governor's Recommendations

 \$5,197,500 to reimburse counties and the City of St. Louis for certain costs incurred in prosecution and incarceration of indigent defendants in criminal cases.

COUNTY REIMBURSEMENTS FOR JURY COSTS

The state is required by Section 494.455(2), RSMo to reimburse counties for a portion of the expenses incurred for jury fees.

Fiscal Year 2001 Governor's Recommendations

• \$468,000 for increased jury duty fees paid by the state.

MISSOURI CITIZEN'S COMMISSION ON COMPENSATION FOR ELECTED OFFICIALS

In November 1994, Missouri voters adopted Amendment 5 which established the Missouri Citizen's Commission on Compensation for Elected Officials. The 22-member commission, beginning in 1996 and every two years thereafter, reviews duties and salaries of elected state officials, members of the legislature, and state judges and sets compensation for the positions.

Fiscal Year 2001 Governor's Recommendations

• \$25,000 for the Citizen's Commission on Compensation.

REGIONAL PLANNING COMMISSIONS

State financial aid enables local governments, through regional planning commissions, to initiate programs and services identified as important by member governments. State funds are matched by local funds.

Fiscal Year 2001 Governor's Recommendations

• \$180,000 for Regional Planning Commissions.

CLAIMS AGAINST THE ESCHEATS FUND

This fund provides for the disposition of unclaimed funds from estates. Funds unclaimed for 21 years are transferred to the public school fund. Monies in the fund are invested by the State Treasurer and the interest earnings are transferred to the public school fund.

Fiscal Year 2001 Governor's Recommendations

Continue funding at the current level.

PUBLIC TELEVISION GRANTS

Funds are distributed through these grants to Missouri public television stations and public radio stations for assistance in operating costs.

Fiscal Year 2001 Governor's Recommendations

• 129,883 transferred to the Missouri public television broadcasting corporation fund to fully fund the estimate for transfer of non-resident athlete and entertainer tax revenues for public television and public radio.

MISCELLANEOUS DISBURSEMENTS

FINANCIAL SUMMARY



LAND GRANT COLLEGE PROGRAM

Land grants are intended for the colleges of agriculture and mechanical arts eligible for federal funding support as provided by acts of Congress in 1899 and 1907. In accordance with Section 172.730, RSMo, distribution of the grant is made in the following manner: 1/16 of total to Lincoln University; 1/4 of total to the University of Missouri-Rolla; and the balance to the University of Missouri-Columbia.

Fiscal Year 2001 Governor's Recommendations

Continue funding at the current level.

ARTICLE X REFUND FINANCE

Some state funds may be unable to support refunds to taxpayers under the provisions of Article X to the Missouri Constitution without endangering the programs for which they were established. This appropriation is intended to provide relief to those funds and programs.

Fiscal Year 2001 Governor's Recommendations

• (\$750,000) core reduction from the Fiscal Year 2000 appropriation level.

MAXIMIZATION OF FEDERAL REVENUES

This appropriation is to allow special projects to ensure that the state is receiving all the federal funds for which it is eligible.

Continue funding at the current level.

BUDGET STABILIZATION

This transfer to the general revenue fund will provide assistance in the event the Governor implements provisions of Section 33.285, RSMo.

Fiscal Year 2001 Governor's Recommendations

Continue funding at the current level.

ELECTED OFFICIALS TRANSITION

The state provides operating costs for the transition into office of newly elected state officials, including the Governor, Lieutenant Governor, Secretary of State, Auditor, Treasurer, and Attorney General.

Fiscal Year 2001 Governor's Recommendations

• \$135,000 for executive office transition costs.

SPECIAL ELECTION COSTS

Section 115.077, RSMo requires the state and political subdivisions submitting questions or candidates in a special election to deposit their proportional share of the costs with the election authority not later than the third Tuesday prior to the election. This appropriation allows the state to comply with the law by prepaying its share of the estimated expenses of a special election. The state is also required to reimburse local election authorities for certain other expenses attributable to changes in state law. Should a special election be called, expenditures made from this appropriation will be transferred to the state election subsidy fund for disbursement.

Fiscal Year 2001 Governor's Recommendations

- \$155,000 for the Division of Accounting to assume responsibilities of HB 676 (1999).
- (\$1,500,000) core reduction for one-time expenditures.

CAFETERIA PLAN TRANSFER

The state offers a tax reduction plan for state employees. The federal government requires the state to provide a sufficient balance in the medical expenses category for timely reimbursements to plan participants.

Fiscal Year 2001 Governor's Recommendations

Continue funding at the current level.

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Missouri Office of Administration
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FY 2001 EXECUTIVE BUDGET

DEPARTMENT BUDGETS PUBLIC SAFETY

FINANCIAL SUMMARY



* Does not include \$6,490,683 recommended in the Fiscal Year 2000 Supplemental Appropriations. See the Supplemental section of the Missouri Budget for details regarding Department of Public Safety supplemental appropriations.

POLICY SUMMARY

The Department of Public Safety is charged with protecting the people of Missouri from crime and other dangers. To fulfill this vital mission, the department performs critical duties including crime prevention, law enforcement, and disaster mitigation and response. The department operates on land, water, and by air on an around-the-clock basis. Governor Carnahan's Fiscal Year 2001 budget targets new funding to enhance the ability of the department to fulfill its mission effectively and efficiently.

COMBATING METH: Methamphetamine is the most prevalent controlled substance clandestinely manufactured in the United States. Because of its central location, Missouri has become a target of drug thugs, making it one of the top meth producing states in the nation. Governor Carnahan proposes a comprehensive strategy to stop this threat to public safety. Since 1997, the Governor has convened an annual meth summit to promote coordination and communication between federal, state, and local agencies. The Governor has also provided significant budgetary resources for anti-meth initiatives. In the Fiscal Year 2001 budget, Governor Carnahan recommends an additional \$3 million for the following initiatives:

- \$343,188 for five officers, associated equipment, and vehicles for the Highway Patrol Division of Drug and Crime Control.
- \$255,511 for one additional criminalist and lab supplies to improve turn-around-time in tests conducted by state crime labs.
- \$42,607 for one additional drug-sniffing dog and increased expenses for the existing canine corps.
- \$28,361 for one additional lab evidence technician to accelerate processing of latent fingerprints related to methamphetamine cases.
- \$2,311,981 for the Department of Mental Health and the Judiciary to deal with the methamphetamine problem. Combined with ongoing funding provided for Fiscal Year 2000, this brings total state funding for methamphetamine initiatives to \$11.2 million. Information regarding methamphetamine initiatives in other agency budgets can be found in the Mental Health and Judiciary sections of The Missouri Budget.

Following are some performance measures the Department of Public Safety uses to evaluate societal progress in stemming the use of illegal drugs:



CRIME FIGHTING TOOLS: While we have made major strides in reducing crime in Missouri during the past seven years, crime remains a problem. Governor Carnahan is committed to making sure the state meets its fundamental obligation to protect citizens from criminals. In order to ensure state law enforcement agencies are properly equipped to continue the fight against crime, the Governor's Fiscal Year 2001 budget includes the following:

- \$1,844,403 to enhance criminal history reporting through technological innovations that will foster cooperative relationships between the courts, prosecutors, law enforcement, and the Department of Corrections.
- \$1,483,311 to upgrade the memory and search capabilities of the automated fingerprint identification system and to purchase a scanner and a storage unit for fingerprint cards
- \$453,844 for 40 vehicles and automotive maintenance equipment.
- \$364,311 for computer equipment that will allow the Highway Patrol to develop a uniform crime reporting system.
- \$167,040 for aircraft overhauls and maintenance.
- \$120,000 for a carbon monoxide analyzer, a spectrometer, and counter-surveillance equipment for the Highway Patrol.
- \$106,460 for additional radio operators, communication interns, cell phones, and pagers to enhance law enforcement efforts by Water Patrol officers.
- \$48,000 to purchase bulletproof vests for Water Patrol officers.

Following are some performance measures the Department of Public Safety uses to evaluate state and local efforts in the fight against crime:



MISSOURI NATIONAL GUARD SUPPORT: The Missouri National Guard serves a unique, dual mission. Guard units may be activated for federal service in time of war. Guard units are also available for duty in Missouri when called upon by the Governor. The Guard proved to be an invaluable asset during the severe flooding of 1993 and 1995, protecting lives and property in numerous Missouri communities. The Governor's Fiscal Year 2001 budget invests substantial new resources to expand and enhance services provided by the Guard including:

- \$940,560 to expand the National Guard educational assistance program.
- \$800,000 to expand the military software training school for Guard members from across the nation.
- \$558,276 for 11 aviation mechanics and 4 environmental specialists.
- \$123,829 for the Challenge Program, an intensive, 22-week program designed to assist at-risk youth ages 17-19 to obtain GEDs and then move on to college or job opportunities.
- \$100,000 to implement a distance learning program linking Guard units throughout the state.
- \$45,166 to maintain an armory in Kansas City that will house a unit transferred to Missouri from Nebraska.

Following are some performance measures the Department of Public Safety uses to measure the readiness of the Missouri National Guard:



CARING FOR MISSOURI VETERANS: Many Missourians have served in the armed forces of our nation. These men and women have sacrificed in order to preserve our freedom. Governor Carnahan recognizes the special debt owed to these guardians of liberty. The Fiscal Year 2001 budget includes additional resources to expand services provided by the Missouri Veterans' Commission including:

- \$5,561,767 for staff and associated expenses to prepare for resident admissions to the new 200-bed Warrensburg Veterans' Home which is scheduled to open in July 2000.
- \$2,918,132 for staff and associated expenses to begin admitting residents in February 2000 to the new 200-bed Cameron Veterans' Home.
- \$630,550 for computer replacement and maintenance for the veterans' homes and central office.
- Also, the Capital Improvements section of The Missouri Budget includes \$438,000 for the World War II Memorial in Washington, D.C. to honor Missouri's World War II veterans.

Following are some performance measures the Department of Public Safety uses to evaluate the degree to which veterans' home residents are satisfied with the quality of care provided:



OFFICE OF THE DIRECTOR/CRIMINAL JUSTICE PROGRAMS UNIT

The Director's Office provides the central budgeting, finance, and personnel control to ensure efficient use of available resources. Staff members plan, review, and evaluate programs to coordinate the state's public safety and law enforcement efforts and to promote cooperation among local, state, and federal agencies. In addition, the criminal justice programs unit oversees the implementation of programs relating to safe schools, community oriented policing, juvenile justice, domestic violence, peace officers standards, witness protection, forensic laboratories, narcotics control, and crime victims assistance.

Fiscal Year 2001 Governor's Recommendations

- \$4,200,000 federal funds to expand the Victims of Crime Act Program.
- \$1,000,000 federal funds to extend the Juvenile Accountability Incentive Block Grant Program.
- \$135,994 to purchase a department-wide information systems router.
- \$99,295 federal funds for two staff to administer the Victims of Crime Program and the Violence Against Women Program.
- \$30,097 to convert staff to the Uniform Classification and Pay System, including \$15,643 general revenue.
- \$24,000 federal funds to purchase bulletproof vests for the Missouri State Water Patrol.
- \$45,602 for pay plan, including \$35,564 general revenue.
- (\$200,000) core reduction from the Fiscal Year 2000 appropriation level.

CAPITOL POLICE

The Capitol Police are responsible for security at the Capitol and other facilities occupied by state agencies throughout Jefferson City.

Fiscal Year 2001 Governor's Recommendations

- \$66,876 for a salary range adjustment for officers.
- \$49,000 for increased operating expenditures.
- \$48,420 to replace three vehicles.
- \$9,466 for .5 support staff.
- \$41,308 for pay plan, including \$40,633 general revenue.
- (\$9,276) federal funds for (.5) staff in core reduction from the Fiscal Year 2000 appropriation level.

HIGHWAY PATROL

ADMINISTRATION

This program includes the administrative, planning, fiscal, and support activities of the Highway Patrol.

Fiscal Year 2001 Governor's Recommendations

- \$25,000 state highways and transportation department fund for automotive repair equipment.
- \$78,603 state highways and transportation department fund for pay plan.
- \$23,524 state highways and transportation department fund for longevity increases.
- (\$5,000) core reduction from the Fiscal Year 2000 appropriation level.

FRINGE BENEFITS

Employer retirement contributions and health and workers' compensation insurance for Highway Patrol employees are paid by the state in a separate appropriation made for those purposes. The amount of the retirement payment is determined by the Board of Trustees of the Highway and Transportation Employees' and Highway Patrol Retirement System.

Fiscal Year 2001 Governor's Recommendations

- \$1,171,700 federal and other funds for a rate increase in employee benefits, including \$54,594 general revenue.
- \$112,609 for new employee fringe benefits, including \$55,166 general revenue.
- (\$184,200) core reduction from the Fiscal Year 2000 appropriation level, including (\$124,016) general revenue.

ENFORCEMENT

The primary activity of this program is the patrolling of more than 122,000 miles of public highways and thoroughfares to ensure the safe and orderly flow of traffic. The Patrol also performs undercover investigations, analyzes evidence discovered at crime scenes, assists local law enforcement agencies, provides access to the Missouri Uniform Law Enforcement System, performs criminal background checks, and maintains a statewide system of commercial motor vehicle weigh stations.

Fiscal Year 2001 Governor's Recommendations

- \$2,694,000 federal drug seizure fund to permit expenditure of funds distributed through the United States Department of Justice equitable sharing program.
- \$1,844,403 federal funds for one staff and associated expenses to enhance criminal history reporting.
- \$852,380 federal and other funds to upgrade the automatic fingerprint identification system.
- \$453,844 highway patrol's motor vehicle and aircraft revolving fund to replace 40 vehicles.

- \$417,841 federal drug seizure fund to update the software of the automatic fingerprint identification system.
- \$343,188 for five drug and crime control officers, associated expense and equipment, and vehicles.
- \$255,511 federal funds for one criminalist and related lab supplies.
- \$189,000 federal and other funds for equipment to allow electronic transmission of fingerprint cards.
- \$167,040 state highways and transportation department fund for aircraft overhauls and maintenance.
- \$53,000 federal and other funds to purchase a spectrometer for the crime lab.
- \$50,000 federal drug seizure fund for counter-surveillance equipment.
- \$50,000 highway patrol's motor vehicle and aircraft revolving fund for pilot training.
- \$42,607 for one canine and associated expenses.
- \$28,361 federal funds for one lab technician to reduce turn-around-time on crime lab tests.
- \$24,090 federal and other funds for a fingerprint card storage unit.
- \$17,000 federal funds to purchase a carbon monoxide analyzer.
- \$6,860 gaming commission fund for gasoline expenses.
- \$3,544 gaming commission fund for operating expenses.
- \$3,416,661 for pay plan, including \$350,714 general revenue.
- \$791,052 for longevity increases, including \$83,342 general revenue.
- (\$2,457,571) for (.75) staff in core reduction from the Fiscal Year 2000 appropriation level, including (\$2,380,324) general revenue.
- (\$2,376,374) for (2.25) staff in core reduction for one-time expenditures, including (\$695,768) general revenue.

LAW ENFORCEMENT ACADEMY

This program provides basic training to police officers in all agencies outside St. Louis and Jackson counties. The academy also provides administrative and specialized training to police officers from all counties. Training is carried out at four levels: basic police skills, specialized police skills, administrative training, and in-service proficiency

Fiscal Year 2001 Governor's Recommendations

- \$21,826 for pay plan, including \$7,087 general revenue.
- \$12,361 for longevity increases, including \$2,654 general revenue.

VEHICLE AND DRIVER SAFETY

This program evaluates drivers and vehicles to identify and remove those unfit to be on Missouri roadways. Over 4,900 inspection stations and approximately 23,300 inspector mechanics throughout the state are supervised. The program also maintains over 140 driver examination stations throughout the state.

Fiscal Year 2001 Governor's Recommendations

- \$27,300 federal drug seizure fund to permit expenditure of funds distributed through the United States Department of Justice equitable sharing program.
- \$292,009 other funds for pay plan.
- \$9.462 state highways and transportation department fund for longevity increases.
- (\$197,982) Missouri air pollution control fund for (seven) staff in core reduction from the Fiscal Year 2000 appropriation level.
- (\$27,300) core reduction for one-time expenditures.

TECHNICAL SERVICES

This program develops and processes comprehensive criminal offender data, traffic record data, and administrative data. The database is used to respond to inquiries and for analysis of the criminal justice and traffic systems to plan for effective law enforcement. This program also is responsible for management and operation of the statewide Missouri Uniform Law Enforcement System (MULES).

Fiscal Year 2001 Governor's Recommendations

- \$1,900,183 criminal justice network and technology revolving fund for one staff and associated equipment to assist local entities with access to criminal justice information.
- \$364,311 federal drug seizure fund to purchase computer equipment to implement a uniform crime reporting system.
- \$300,000 federal funds for a grant to study computer infrastructure.
- \$104,200 federal drug seizure fund to permit expenditure of funds distributed through the United States Department of Justice equitable sharing program.
- \$33,610 state highways and transportation department fund for maintenance of the computer-aided dispatch system.
- \$200,093 for pay plan, including \$7,132 general revenue.
- \$88,378 state highways and transportation department fund for longevity increases.
- (\$1,983,933) for (1.5) staff in core reduction for one-time expenditures, including (\$846,127) general revenue.
- (\$104,200) federal and other funds for (one) staff in core reduction from the Fiscal Year 2000 appropriation level.

STATE WATER PATROL

The primary task of the State Water Patrol is to ensure that Missouri citizens and tourists enjoy state waterways in safety through enforcement of water safety laws. This is accomplished by patrolling 626,081 acres of recreational waters in the state.

Water Patrol officers provide boating safety education, boat inspection services, and enforce state and federal laws relating to water safety. Water Patrol officers present safety programs to students and civic organizations, inspect boats, and investigate dock and buoy placements to prevent water hazards.

Fiscal Year 2001 Governor's Recommendations

- \$89,360 federal funds for 3.5 radio operators and communication interns to allow State Water Patrol officers to focus their efforts on law enforcement.
- \$42,585 federal funds for water safety education.
- \$27,562 federal drug seizure fund to permit expenditure of funds distributed through the United States Department of Justice equitable sharing program.
- \$24,000 to purchase bulletproof vests for Water Patrol officers.
- \$17,100 federal funds for communications equipment.
- \$129,567 for pay plan, including \$125,265 general revenue.
- (\$54,188) core reduction for one-time expenditures, including (\$2,000) general revenue.
- (\$27,562) core reduction from the Fiscal Year 2000 appropriation level.

DIVISION OF LIQUOR CONTROL

The Division of Liquor Control provides management control and support to the programs of audit and enforcement. The administrative staff review all license applications and reported violations; develop facts regarding reported violations in pre-hearing conferences and formal hearings before the supervisor; and, depending on the outcome of hearings, issue citations.

The audit and collection staff review beer, wine, and liquor transactions to ensure that all revenues due to the state are collected. The program also ensures fair competition among liquor wholesalers by monitoring actual prices charged for various classes and types of beverages against price schedules for such products.

The enforcement program ensures that liquor licenses are issued only to qualified applicants on approved premises. Liquor Control agents conduct inspections and investigate complaints received on violations of liquor laws. Reports are filed with local authorities and the supervisor of Liquor Control for review and appropriate action.

Fiscal Year 2001 Governor's Recommendations

- \$39,540 to replace three vehicles.
- \$100,593 for pay plan, including \$99,876 general revenue.
- (\$92,874) core reduction for one-time expenditures.

DIVISION OF FIRE SAFETY

Division of Fire Safety staff conduct investigations to determine the causes of fires and explosions. Investigators assist in case development and, when necessary, work with local law enforcement authorities to prosecute persons accused of arson. Inspection activities concentrate on fire prevention evaluations. Inspectors evaluate nursing homes that are used for state mental health patients, patient care facilities operated by the Department of Mental Health, day care facilities licensed by the state, senior citizen nutrition and recreation centers, and other public facilities. The division also administers a public boiler and pressure vessel safety inspection program, conducts fireworks industry inspections, and provides firefighter training throughout the state.

Fiscal Year 2001 Governor's Recommendations

- \$63,888 for pay plan.
- (\$68,215) core reduction for one-time expenditures.

DIVISION OF HIGHWAY SAFETY

The division prepares a comprehensive state highway safety plan and funds state-local projects to implement the plan. The division also monitors the performance of funded projects. All division activities are designed to implement provisions of the federal National Highway Safety Act, which provides funds for planning, administration, and awarding of grants to support state and local highway safety projects.

Fiscal Year 2001 Governor's Recommendations

- \$1,000,000 federal funds for seat belt incentive grants.
- \$500,000 federal funds to expand the Motor Carrier Safety Assistance Program.
- \$360,000 federal funds to expand the Combating Underage Drinking Program.
- \$20,315 federal and other funds for pay plan.

MISSOURI VETERANS' COMMISSION

The program has four components: administration, which oversees programs and maintains central files; the Missouri veterans' homes at St. James, Mexico, Mt. Vernon, Cape Girardeau, and St. Louis, which care for Missouri veterans; the Missouri veterans' cemeteries at Higginsville, Springfield, and St. James; and the service to veterans' program, which assists veterans in applying for U.S. Veterans Administration pensions and other benefits.

Fiscal Year 2001 Governor's Recommendations

- \$5,561,767 Missouri veterans' homes fund for 181.34 staff to prepare the Warrensburg Veterans' Home for admission of residents in July 2000.
- \$2,925,632 Missouri veterans' homes fund for 98.54 staff to prepare the Cameron Veterans' Home for admission of residents in February 2000.
- \$630,550 for computer replacement and maintenance, including \$90,103 general revenue.
- \$561,169 for pay plan, including \$176,251 general revenue.
- (\$2,502,957) other funds core reduction for one-time expenditures, including (\$80,724) general revenue.

GAMING COMMISSION

Senate Bill 10 (1993) established the Gaming Commission which was granted regulatory authority over riverboat gambling and bingo. The five members of the Gaming Commission are appointed by the Governor with the advice and consent of the Senate.

Fiscal Year 2001 Governor's Recommendations

- \$227,200 gaming commission fund for livescan technology to improve the process of fingerprinting job applicants.
- \$194,349 gaming commission fund for two staff and associated expenses to upgrade information systems.
- \$82,896 gaming commission fund for two gaming license technicians and associated equipment to process occupational license applications.
- \$50,376 gaming commission fund for one gaming technician and associated expenses to audit gaming devices.
- \$45,076 gaming commission fund for relocation of the St. Louis and Kansas City offices.
- \$39,684 gaming commission fund for one staff and associated expenses to administer the Disassociated Persons Program for problem gamblers.
- \$534,744 gaming commission fund for pay plan.
- \$132,666 gaming commission fund for longevity increases.
- (\$635,175) gaming commission fund for (eight) staff in core reduction from the Fiscal Year 2000 appropriation level.
- $\bullet \ \ (\$487,\!079) \ gaming \ commission \ fund \ core \ reduction \ for \ one-time \ expenditures.$

ADJUTANT GENERAL

<u>ADMINISTRATION</u>

The program provides administrative support for the Missouri National Guard, including the functions of command communication, logistical assistance, finance, and budgeting. The Adjutant General is the military chief of staff to the commander-in-chief (Governor). He also is the administrative head of the military forces, which include Army and Air National Guard elements assigned to the state by the federal government.

Fiscal Year 2001 Governor's Recommendations

- \$109,239 federal drug seizure fund for .33 part-time staff to permit expenditure of funds distributed through the United States Department of Justice equitable sharing program.
- \$20,506 to replace one van.
- \$62,427 for pay plan.
- (\$200,825) for (two) staff in core reduction from the Fiscal Year 2000 appropriation level.

TUITION ASSISTANCE

In return for service to the state, the Missouri National Guard offers a variety of benefits for its members. The tuition assistance program provides reimbursement for higher

education tuition and fees to Guard members who meet certain qualifications pursuant to law.

Fiscal Year 2001 Governor's Recommendations

• \$940,560 Missouri national guard trust fund to expand the educational assistance program.

MILITARY HONORS PROGRAM

Through this program, the Guard provides public recognition of the sacrifices made by veterans. HB 1519 (1998) allows the Guard to provide burial details with appropriate military honors for veterans upon request.

Fiscal Year 2001 Governor's Recommendations

• \$37.844 Missouri national guard trust fund for pay plan.

OPERATIONAL MAINTENANCE AND REPAIR

The Missouri National Guard operates 63 Armories and 629 buildings located throughout the state. These facilities require preventive maintenance. The operating maintenance and repair program allows maintenance staff to purchase materials and supplies to perform preventive care.

Fiscal Year 2001 Governor's Recommendations

Continue funding at the current level.

FIELD SUPPORT

The field support program supports the operational needs of Missouri National Guard facilities located throughout the state. The field support program includes maintenance and operation of 63 armories and 629 buildings in over 66 Missouri communities.

Fiscal Year 2001 Governor's Recommendations

- \$45,166 for .5 staff and associated expenses to maintain an armory in Kansas City.
- \$28,831 for pay plan.

NATIONAL GUARD TRUST FUND PROGRAM

HB 1519 (1998) established the Missouri National Guard Trust Fund and permitted income tax check-off contributions to be deposited in the fund. Grants, gifts, and bequests may also be deposited in the fund. In the absence of specific requirements attached to fund donations, the Office of the Adjutant General may, subject to appropriation, expend the funds for any lawful purpose in support of the Guard.

Fiscal Year 2001 Governor's Recommendations

• \$2,000 Missouri national guard trust fund.

CONTRACT SERVICES

The program provides funding for contract agreements between the federal and state government related to the maintenance and security of National Guard installations.

Fiscal Year 2001 Governor's Recommendations

- \$2,050,000 federal funds for expenses previously paid for directly by the federal government.
- \$558,276 federal funds for 15 staff to maintain electronic equipment and assess environmental hazards.
- \$100,000 federal funds to establish a distance learning program.
- \$192,185 for pay plan, including \$17,585 general revenue.

CHALLENGE YOUTH PROGRAM

The Challenge Youth Program is an intensive 22-week program designed to assist at-risk youth ages 17-19 to obtain GEDs and then move on to college or job opportunities. In addition to scholastic work and job training, participants are involved in classes pertaining to citizenship, life-coping skills, personal development, and group skills. The program is designed to help youth become self-reliant and thus reduce the juvenile crime rate.

Fiscal Year 2001 Governor's Recommendations

- \$123,829 for 2.67 staff to replace federal funds no longer available.
- \$51,062 for pay plan, including \$17,118 general revenue.
- (\$188,628) federal funds for (3.02) staff in core reduction from the Fiscal Year 2000 appropriation level.

TROUPERS TRAINING SCHOOL

The Missouri National Guard was selected in 1998 as a national "Center of Excellence" for training by the federal government. In this role, the Missouri National Guard administers a military software training program for Guard members from all U.S. states and territories.

Fiscal Year 2001 Governor's Recommendations

- \$800,000 federal funds for 4.5 staff to expand the military software training school.
- \$10,203 for pay plan, including \$6,351 general revenue.

OFFICE OF AIR SEARCH AND RESCUE

The Office of Air Search and Rescue provides emergency services utilizing the efforts of professionally trained pilots, communications specialists, and emergency support personnel. The office works in cooperation with state and federal agencies, the Civil Air Patrol, and public and private hospitals to provide emergency services, rescue operations, mercy missions, aerial observations, and emergency communications to anyone in immediate need of these specialized services.

Fiscal Year 2001 Governor's Recommendations

Continue funding at the current level.

STATE EMERGENCY MANAGEMENT AGENCY

The State Emergency Management Agency develops policies and procedures that help protect citizens in times of disaster. The agency is charged with the task of preparing and periodically updating plans to manage and control the state's resources in emergency situations. Once disaster strikes, the agency administers federal assistance to

disaster areas and coordinates efforts to aid individuals, protect property, and restore essential utilities and structures. A state emergency operations center also is maintained to serve as the control center for state government should emergency situations arise.

Fiscal Year 2001 Governor's Recommendations

- \$65,810 to purchase a personal address system and replace computers for the emergency operations center.
 \$31,752 to replace two vehicles.
 \$83,402 for pay plan, including \$49,186 general revenue.

- (\$47,186) core reduction for one-time expenditures.

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FY 2001 EXECUTIVE BUDGET

DEPARTMENT BUDGETS REVENUE

FINANCIAL SUMMARY



- * Does not include Article X refunds of \$318,792,419 in Fiscal Year 1999, \$178,843,080 in Fiscal Year 2000, and \$98,861,466 in Fiscal Year 2001.
- ** Does not include \$783,000 recommended in the Fiscal Year 2000 Supplemental Appropriations. See the Supplemental section of the Missouri Budget for details regarding Department of Revenue supplemental appropriations.

POLICY SUMMARY

The Department of Revenue serves as the primary revenue collection agency for the State of Missouri. The department strives to ensure that all taxes owed the state are paid, that taxpayers are served conscientiously and efficiently, and that revenues are collected at minimal administrative expense.

Customer Service:

The citizens of Missouri come into contact with the Department of Revenue more often than any other entity in state government. The Department of Revenue administers 33 different state and local taxes, titles and registers automobiles, and licenses drivers. Under Governor Carnahan's leadership, the department has focused on increasing customer satisfaction by simplifying the individual income tax form, speeding up the issuance of tax refunds, and lengthening the renewal period for motor vehicle registrations and drivers licenses. In the Fiscal Year 2001 budget, Governor Carnahan recommends:

- \$1,095,897 to implement SB 387 (family development accounts), HB 316 (shared care tax credit), SB 14 (pharmaceutical tax credit), SB 19 (motor vehicle registration and licensing), SB 386 (income tax credits for S-corps), HB 814 (tobacco model settlement), and SB 219 (railroad track assessment).
- \$545,000 for a one-stop business tax registration system.

Following are some performance measures the Department of Revenue uses to evaluate its goal of enhanced customer service for Missourians.



Enhanced Collections:

The Department of Revenue is responsible for administering Missouri tax laws and collecting revenue due to the state and local taxing jurisdictions. The department is responsible for contacting individuals and businesses that have unpaid tax liabilities and performing appropriate collection procedures. The collection activities include billing and assessing unpaid taxes, filing liens, pursuing bad checks, certifying delinquencies to local prosecuting attorneys, and making referrals to independent collection agencies. Ensuring that individuals and businesses remit their share of taxes and fees owed to the state is essential if taxes and fees are to be kept at a minimal level while still generating sufficient revenue to provide important state services. In the Fiscal Year 2001 budget, Governor Carnahan recommends:

- \$728,000 to collect delinquent taxes by prosecuting attorneys and collection agencies.
- \$55,000 to collect delinquent taxes by filing liens.
- \$13,643 to fund continued participation by Missouri in the Multistate Tax Commission.

The table below provides information regarding the amount of delinquent taxes collected by the Department of Revenue.



* Bankruptcy collections are now included in delinquent individual and business tax collections.

DIVISION OF ADMINISTRATION

The Office of the Director is responsible for the processing and enforcement of tax and licensing functions. The administrative staff is responsible for all budgetary, accounting, and fiscal operations of the department. The legal counsel assists the divisions with their respective statutory functions, provides research and legislative assistance, and oversees the filing of administrative rules. The personnel office is responsible for recruiting and training employees, in addition to maintaining personnel records. The general services staff provides custodial, mail, and motor pool services. The criminal investigation bureau investigates suspected tax, motor vehicle, and driver's license fraud, and prepares cases for prosecution.

Fiscal Year 2001 Governor's Recommendations

- \$397,900 state highways and transportation department fund for postage.
- \$9,377 for increased telecommunications expense, including \$4,688 general revenue.
- \$296,718 for pay plan, including \$129,122 general revenue.
- \$4,150 transferred from the Division of Taxation.
- \$4,150 state highways and transportation department fund transferred from the Division of Motor Vehicles and Drivers Licensing Central Office.
- (\$197,070) state highways and transportation department fund and (two) staff transferred to the Division of Motor Vehicles and Drivers Licensing Central Office.
- (\$121,894) and (two) staff transferred to the Division of Taxation.
- (\$96,522) reduction for one-time expenditures, including (\$38,814) general revenue.

DIVISION OF TAXATION

Division of Taxation staff prepare tax forms, process returns, maintain records of tax revenues, and assist the public. The central processing bureau is responsible for the initial processing of tax returns and related documents. The field audit bureau is comprised of seven Missouri offices and four out-of-state offices. Field staff audit sales/use, motor fuel, and corporate income taxes. The tax administration bureau is responsible for administering the financial institutions tax, city and state sales/use taxes, motor fuel tax, cigarette tax, individual income tax, corporate income tax, employer withholding tax, inheritance tax, and senior and disabled citizen tax credits. The taxpayer assistance bureau is responsible for collecting unpaid taxes and provides assistance to taxpayers at seven regional offices throughout the state.

Fiscal Year 2001 Governor's Recommendations

- \$545,000 for a one-stop business tax registration system.
- \$112,337 to implement legislation.
- \$24,380 for increased telecommunications expense.
- \$1,082,494 for pay plan, including \$973,023 general revenue.
- \$128,432 and five staff transferred from the Secretary of State's Office for corporate franchise tax administration.
- \$121,894 and two staff transferred from the Division of Administration.
- (\$34,565) and (1.5) staff for one-time expenditures.
- (\$4,150) transferred to the Division of Administration.

DIVISION OF MOTOR VEHICLE AND DRIVERS LICENSING

Central Office

The Division of Motor Vehicle and Drivers Licensing is responsible for titling, taxing, and registering motor vehicles and motor boats, and for administering the mandatory automobile liability insurance program. The drivers license bureau issues and renews operator and commercial drivers' licenses and maintains records of these transactions. The motor vehicle bureau titles and registers motor vehicles and marine vessels, and collects sales/use tax, city sales tax, and other vehicle charges. The motor vehicle bureau is also responsible for licensing motor vehicle manufacturers, motor vehicle dealers, and boat dealers in Missouri. When circumstances warrant such action, this bureau performs field investigations to determine whether license revocation proceedings should be undertaken. The field services bureau oversees 180 branch and agent offices that provide drivers' licensing, motor vehicle titling, and registration services.

Fiscal Year 2001 Governor's Recommendations

\$585,660 state highways and transportation department fund and one staff to implement SB 19 (1999).

\$13,128 state highways and transportation department fund for increased telecommunications expense.

- \$544,676 for pay plan, including \$8,524 general revenue.
- \$197,070 state highways and transportation department fund and two staff transferred from the Division of Administration.
- (\$301,164) state highways and transportation department fund and (16) staff transferred to the branch offices.
- (\$4,150) state highways and transportation department fund transferred to the Division of Administration.

Branch Offices

Branch offices provide individual driver's licensing, motor vehicle titling, and registration services in the metropolitan areas. Branch office staff are responsible for collecting, depositing, and accounting for all applicable taxes and fees. Staff also provide information and assistance to Missouri citizens.

Fiscal Year 2001 Governor's Recommendations

- \$195,832 for pay plan, including \$5,164 general revenue.
- \$301,164 state highways and transportation department fund and 16 staff transferred from the Division of Motor Vehicles and Drivers Licensing central office.

HIGHWAY RECIPROCITY COMMISSION

The Highway Reciprocity Commission is responsible for annual registration of commercial vehicles for interstate operation. Through the Multi-State Agreement, Uniform Proration Agreement, and International Registration Plan, the commission has entered into reciprocal agreements with all other states and four Canadian provinces to ensure proper registration and collection of fees from regulated commercial vehicles.

Fiscal Year 2001 Governor's Recommendations

• \$33,381 state highways and transportation department fund for pay plan.

STATE TAX COMMISSION

The State Tax Commission is responsible for maintaining equalized assessed land valuations among Missouri's 114 counties and the city of St. Louis. In carrying out these responsibilities, the commission hears appeals from local boards of equalization on individual cases and corrects assessments that it determines to be unlawful, unfair, or arbitrary. The commission also establishes the taxable valuation for public service and utility companies operating in Missouri.

Fiscal Year 2001 Governor's Recommendations

- \$105,440 for eight vehicles.
- \$100,236 for pay plan.
- (\$45,927) core reduction from the Fiscal Year 2000 appropriation level.
- (\$3,100) for one-time expenditures.

REFUNDS AND DISTRIBUTIONS SUMMARY

FINANCIAL SUMMARY



* Does not include Article X refunds of \$318,792,419 in Fiscal Year 1999, \$178,843,080 in Fiscal Year 2000, and \$98,861,466 in Fiscal Year 2001.

REFUNDS FROM GENERAL REVENUE

This appropriation is utilized to refund erroneous payments or overpayments of individual and corporate income taxes and

other miscellaneous taxes that have been credited to general revenue.

Fiscal Year 2001 Governor's Recommendations

- \$5,300,000 transfer from the Secretary of State's office for corporate franchise tax refunds.
- \$97,650,000 for a total recommendation of an estimated \$755,350,000.

REFUNDS FROM FEDERAL AND OTHER FUNDS

This appropriation is utilized to refund erroneous payments or overpayments of taxes that have been credited to funds besides general revenue.

Fiscal Year 2001 Governor's Recommendations

Continue funding at the current level.

STATE SHARE OF ASSESSMENT MAINTENANCE COSTS

The state reimburses a portion of the costs and expenses for maintaining property assessments and preparing assessment lists and tax bills for township assessors, county assessors, and the St. Louis City Assessor. The state also reimburses all county assessors, except those in first-class chartered counties, on a quarterly basis provided they remain certified with the State Tax Commission.

Fiscal Year 2001 Governor's Recommendations

• \$841,955 for a total recommendation of \$17,925,273.

COUNTY STOCK INSURANCE TAX

The county stock insurance tax is a two percent per annum tax levied on direct premiums received by stock insurance companies doing business in the State of Missouri. Through the provisions of Section 148.330, RSMo, the receipts of the county stock insurance tax are distributed by the state to the county treasurers and treasurers of the school districts of counties in which stock insurance companies are located.

Fiscal Year 2001 Governor's Recommendations

• (\$3,831,000) core reduction from the Fiscal Year 2000 appropriation level for a total recommendation of an estimated \$1,200,000.

REFUNDS FROM THE STATE HIGHWAYS AND TRANSPORTATION DEPARTMENT FUND

When an overpayment or error is made on a transaction credited to the state highways and transportation department fund, the difference is refunded to the individual or business involved.

Fiscal Year 2001 Governor's Recommendations

• \$113,448 state highways and transportation department fund for a total recommendation of an estimated \$1,613,448.

COMMERCIAL DRIVERS' LICENSING INFORMATION SYSTEM

The federal Commercial Motor Vehicle Safety Act of 1986 required states to develop uniform commercial drivers' licensing systems or face the loss of federal highway funds. HB 3 (1989 Special Session) made the necessary changes to Missouri law to implement the commercial drivers' licensing information system.

Fiscal Year 2001 Governor's Recommendations

Continue funding at the current level.

PROBLEM DRIVER POINTER SYSTEM

The federal government required states to implement a problem driver pointer system by April 1995 to identify and manage problem drivers or face the loss of federal highway funds.

Fiscal Year 2001 Governor's Recommendations

Continue funding at the current level.

ATTORNEY FEES

The Department of Revenue is required by Section 302.536, RSMo to pay court costs and attorney fees of persons who have an appellate court reversal of a Section 302.535, RSMo (DWI) suspension or revocation.

Fiscal Year 2001 Governor's Recommendations

Continue funding at the current level.

MOTOR FUEL TAX DISTRIBUTION TO CITIES

Article IV, Section 30(a)(2), Constitution of Missouri, requires 15 percent of the net proceeds from the motor fuel tax collections be allocated to the incorporated cities, towns, and villages of the state to assist in the maintenance of streets and highways. For the purpose of this appropriation, funds collected are transferred to the motor fuel tax fund.

The General Assembly changed the procedures for distribution of motor fuel taxes to cities and counties through passage of HB 516 (1999). The distribution of motor fuel taxes to both cities and counties will now be made through a single appropriation.

Fiscal Year 2001 Governor's Recommendations

• \$53,836,161 motor fuel tax fund for a total recommendation of an estimated \$188,000,000.

COUNTY AID ROAD TRUST FUND

Article IV, Section 30(a)(1), Constitution of Missouri, requires that ten percent of the net proceeds from motor fuel tax collections be distributed to the counties to assist in the maintenance of county roads, highways, and bridges. On August 4, 1992, voters approved Constitutional Amendment No. 8 to require that 15 percent of the net proceeds resulting from any increase in the motor fuel tax rate over the rate in effect on March 31, 1992, be distributed to the counties to assist in the maintenance of county roads, highways, and bridges.

The General Assembly changed the procedures for distribution of motor fuel taxes to cities and counties through passage of HB 516 (1999). The distribution of motor fuel taxes to both cities and counties will now be made through a single appropriation. As a result, this appropriation is no longer necessary.

Fiscal Year 2001 Governor's Recommendations

• (\$100,917,921) county aid road trust fund core reduction from the Fiscal Year 2000 appropriation level.

REFUNDS FROM AVIATION TRUST FUND

Taxes paid by commercial agricultural aircraft operators for aviation fuel used in commercial agricultural aircraft must be refunded upon application for a refund.

Fiscal Year 2001 Governor's Recommendations

Continue funding at the current level.

MOTOR FUEL TAX REFUNDS

Section 142.230, RSMo provides for refunds of taxes paid on fuel used to propel non-highway vehicles. Refunds of fuel taxes paid to propel agricultural, marine, and industrial/commercial vehicles are examples of allowable non-highway refunds. Unclaimed marine refunds are transferred to counties having at least 100 miles of shoreline for the purpose of maintaining county roads and bridges.

Fiscal Year 2001 Governor's Recommendations

Continue funding at the current level.

PAYMENTS TO PROSECUTING ATTORNEYS AND COLLECTION AGENCY FEES

Section 136.150, RSMo provides for payment of a collection fee of 20 percent of delinquent taxes, licenses, or fees recovered on behalf of the state by circuit or prosecuting attorneys. The collection fee is deposited in the county treasury with one-half of the fee for use by the attorney's office and one-half to be expended as the county determines. This incentive program provides additional resources to counties and a five-to-one benefit/cost ratio to the state.

The Department of Revenue is authorized by Section 140.850, RSMo to use commercial collection agencies to collect delinquent personal income taxes owed by resident and non-resident taxpayers. The statutes permit payment of a collection fee not to exceed 25 percent of the amount collected. This program provides at least a four-to-one benefit/cost ratio to the state.

Fiscal Year 2001 Governor's Recommendations

• \$728,000 for a total recommendation of an estimated \$2,728,000.

COUNTY FILING FEES

The Department of Revenue is authorized to file tax liens on property owned by taxpayers that are delinquent in income tax or sales/use tax. County recorders charge the Department of Revenue a fee of \$3.00 for the filing of each tax lien and a fee of \$1.50 for each release of a tax lien filed on property owned by taxpayers that are delinquent in income tax or sales/use tax.

Fiscal Year 2001 Governor's Recommendations

• \$55,000 for a total recommendation of an estimated \$180,000.

REFUNDS FROM THE WORKERS' COMPENSATION FUND

The Department of Revenue is required to issue refunds for overpayment of workers' compensation taxes paid by insurance companies. Estimated quarterly tax payments are made based on the prior year's activity. If actual taxes owed are less than the estimated payments, this appropriation is used to refund the overpayment.

Fiscal Year 2001 Governor's Recommendations

• \$132,774 workers' compensation fund for a total recommendation of an estimated \$282,774.

REFUNDS FROM THE SECOND INJURY FUND

This appropriation is utilized by the Department of Revenue to refund any overpayment of funds to the second injury fund.

Fiscal Year 2001 Governor's Recommendations

• \$58,966 second injury fund for a total recommendation of an estimated \$133,966.

TOBACCO TAX REFUNDS

These funds are used to make refunds for overpayments or erroneous payments of amounts that have been credited to the health initiatives fund, state school moneys fund, and the fair share fund for tobacco taxes.

Fiscal Year 2001 Governor's Recommendations

Continue funding at the current level.

REFUNDS FROM THE MOTOR VEHICLE COMMISSION FUND

These funds are utilized to make refunds for overpayments or erroneous payments of amounts that have been credited to the motor vehicle commission fund.

Fiscal Year 2001 Governor's Recommendations

• \$8,000 motor vehicle commission fund for a total recommendation of an estimated \$12,000.

MULTISTATE TAX COMMISSION DUES

The Multistate Tax Commission and Compact facilitate determination of the tax liability of multi-state taxpayers, promote

uniformity and compatibility in tax systems, avoid duplicative taxation, and provide taxpayer convenience in filing tax returns.

Fiscal Year 2001 Governor's Recommendations

Continue funding at the current level.

• \$13,643 for a total recommendation of \$207,735.

DEBT OFFSET REFUNDS

Chapter 143, RSMo provides a mechanism to offset debts owed to the state against tax refunds payable to the debtor. The Department of Revenue transfers to the State Treasurer the amount of the debt certified to be owed to a state agency in an amount not exceeding the tax refund claimed. Any amount in excess of the debt is forwarded to the taxpayer. Upon settlement of the claim, through the established administrative hearings process, the escrow funds are returned to the state agency and/or the payee.

Fiscal Year 2001 Governor's Recommendations

Continue funding at the current level.

TRANSFERS TO GENERAL REVENUE

Proposition C was approved by the voters of Missouri at the general election held November 2, 1982. The 82nd General Assembly subsequently passed HB 310 which provided for a collection fee to help defray the costs of administering the Proposition C tax. Section 144.701, RSMo states, in part, "The state collection fee shall not exceed two and one-half million dollars or one percent of the amount deposited in the fund, whichever is less."

On August 7, 1984, voters approved Constitutional Amendment No. 2, which authorized a 1/10 of one percent sales tax for soil conservation and state parks. Collection costs are paid directly from general revenue with reimbursement made by a transfer to general revenue of 2/3 of one percent of the tax collected. Voters extended this tax for an additional ten years on November 5, 1996.

SB 530 (1990) requires the Department of Revenue to collect a \$.50 tax on tires. Four percent of the tire tax is retained by the department and deposited to the general revenue fund as partial reimbursement for the costs associated with SB 530. The remaining costs are reimbursed through a transfer from the solid waste management fund to the general revenue fund.

Fiscal Year 2001 Governor's Recommendations

Continue funding at the current level.

STATE LOTTERY COMMISSION

The Missouri State Lottery was established by voter approval of Constitutional Amendment No. 5 on November 6, 1984. On August 2, 1988, voters approved Constitutional Amendment No. 3 to revise the lottery prize structure and certain promotional restrictions.

- \$10,000,000 lottery enterprise fund for prize payments.
- \$1,030,139 lottery enterprise fund to support the Fiscal Year 2001 sales estimate of \$515 million.
- \$195,048 lottery enterprise fund for pay plan.
- (\$77,900) lottery enterprise fund for one-time expenditures.

	FY 1999 EXPENDITU	RE #	FY 2000 APPROPRIATION	GOVERNOR RECOMMENDS FY 2001
Operating Expense Personal Service Expense and Equipment Prizes TOTAL Lottery Enterprise Fund	\$ 5,880, 39,440, 78,123, \$ 123,444,	<u>612</u> _	\$ 6,595,430 38,863,584 70,000,000 \$ 115,459,014	\$ 6,790,478 39,815,823 80,000,000 \$ 126,606,301
Full-time equivalent employees	179	3.66	178.50	178.50

Section 39(b) of Article III of the Missouri Constitution provides that a minimum of 45 percent of moneys received from the sale of lottery tickets shall be paid as prizes. On August 4, 1992, voters approved Constitutional Amendment No. 11 to dedicate net lottery proceeds to fund public institutions of elementary, secondary, and higher education.

Fiscal Year 2001 Governor's Recommendations

• \$154,500,000 lottery enterprise fund transfer to the lottery proceeds fund.





FY 2001 EXECUTIVE BUDGET

DEPARTMENT BUDGETS SOCIAL SERVICES

FINANCIAL SUMMARY



Does not include \$10,488,553 recommended in the Fiscal Year 2000 Supplemental Appropriations. See the Supplemental section of the Missouri Budget for details regarding Department of Social Services supplemental appropriations.

POLICY SUMMARY

Governor Carnahan's budget for Fiscal Year 2001 directly addresses dramatic changes occurring in Missouri's social services programs. Missouri's booming economy has allowed Missouri to lead the nation in decreasing the number of citizens living below the poverty level. While nationally the percentage of those living in poverty decreased 12.4 percent from 1994 to 1998, in Missouri the poverty rate decreased by 37.2 percent during the same time period, the largest decrease of any state in the union. This year's budget reflects a reduction of over 130,000 individuals from the Temporary Assistance for Needy Families (TANF) caseload since 1993, allowing resources to be redirected to priority programs. While good news for Missouri, the TANF caseload decline further decreases the amount of child support collections retained by the state, and additional resources are needed so the Division of Child Support Enforcement can ensure families receive their child support payments. Child protection caseloads also continue to increase. The department continues to work proactively to prevent child abuse and neglect through its Outcomes for Children Initiative. This year's budget includes another increase in the number of social service workers to step-up protection of children at risk of being abused or neglected. The cost of the Medicaid Program continues to rise as the cost of health care escalates. Rapid increases in the cost of care for the elderly and disabled, particularly in prescription medications, require funding increases. To address these issues. Governor Carnahan's budget for Fiscal Year 2001 provides a total of \$4.7 billion for the Department of Social Services (DSS).

INCREASING SUPPORT FOR OUR CHILDREN AND FAMILIES

IMPROVING EARLY CHILDHOOD CARE AND EDUCATION: The Governor's budget for Fiscal Year 2001 builds on the success achieved in recent years with establishment of the early childhood development, education and care fund (HB 1519, 1998) and an investment of \$58 million for initiatives in the Fiscal Year 2000 budget. Research has shown learning begins at birth and that early learning experiences have a decisive influence on brain development. Children who are not provided the opportunity for quality learning experiences may not develop crucial skills, significantly affecting their ability to learn later in life. Because of these findings, the Governor worked with the General Assembly to implement a comprehensive approach to ensure children have access to high-quality, safe child care and early education programs. The Governor's recommendations include an increase of \$20.4 million to improve access to high-quality, safe child care; increase outreach to parents; and provide intervention services for children with special needs. The Governor recommends:

- \$1.1 million to provide access to early childhood programs for low-income, at-home parents, bringing total funding to \$3.8 million.
- \$536,000 for additional Jump Start grants, bringing total funding to \$5.5 million.
- \$464.891 other funds for enhanced rates for accredited child care facilities.

CHILD PROTECTIVE SERVICES IMPROVEMENTS: Child abuse and neglect continues to be a serious problem in Missouri with far reaching, tragic consequences. Children who are abused or neglected often experience problems later in life that hinder their successful transition to adulthood, including poor academic performance, domestic violence, drug and alcohol abuse, juvenile crime, and other social ills. The Department of Social Services continues to actively seek creative and collaborative solutions to the problem of child abuse and neglect in Missouri and is committed to ensuring that Missouri's most vulnerable citizens remain safe. The budget includes an increase of \$24.1 million to provide safe environments for abused and neglected children, to improve the existing child protection system, and to prevent child abuse and neglect from occurring in Missouri families. With the passage of the Federal Adoption and Safe Families Act in 1997, an increasing number of children in Missouri have become available for adoption. The Governor's budget recommendations reflect the importance of providing adoptive families for these children. The department works with children of intact families who are at risk of being removed from home and assists in the permanent placement of children who cannot return home because of unstable or unsafe environments. To strengthen these efforts, Governor Carnahan recommends:

- \$8.9 million for increased costs associated with 5,628 children currently receiving adoption subsidies and for an additional 1,400 children.
- \$4.7 million for an additional 120 social service workers to expedite child abuse and neglect investigations, decrease the length of stay for children in foster care, ensure permanency for children being placed in adoptive homes, and guarantee the continued safety of children placed in the state's care.
- \$3.7 million cost-to-continue the Fiscal Year 2000 supplemental due to caseload growth in the Adoption Subsidy Program.
- \$3.2 million for rate increases in the Foster Care, Adoption Subsidy/Guardianship, and Residential Treatment programs.
- \$2.3 million for increased costs associated with 9,838 children currently in foster care and for an additional 68 children.
- \$1.3 million to expand after care services to approximately 2,300 additional youth through the Independent Living Program.

Following are some performance measures the Department of Social Services uses to evaluate the quality of early child care and the safety of Missouri's children:

HEALTH CARE IMPROVEMENTS: The Governor's budget includes funding to improve the health of Missouri's children, youth, adults, and elderly. Providing health insurance coverage is a priority for Governor Carnahan. Healthy children have a better chance at succeeding in school and healthy adults are able to maintain continuous employment. The purpose of the Missouri Medicaid Program is to finance, monitor, and assure the health coverage of low-income children and their families, the elderly, and disabled. With the goals of providing better access to quality care and controlling costs, the Department of Social Services implemented its Managed Care Plus (MC+) Program in 1995. In Fiscal Year 2001, MC+ is projected to provide medical care to an estimated 254,817 people, with the remaining 343,386 Medicaid recipients served through the traditional Fee-for-Service Program. Since Missouri received approval from the federal government to expand MC+ through the 1115 waiver, an additional 56,082 children have been provided health insurance. An estimated 12,418 children, for a total of 68,500, will be added by the end of Fiscal Year 2001.

Health care is a rapidly growing expenditure for both the state and federal government. In 1990, the Missouri Medicaid appropriation totaled \$833 million. In Fiscal Year 2000, the total appropriation for Medicaid is \$3.3 billion. Several factors are contributing to the growth in the Medicaid Program, including:

- Growth in the elderly population. Demographic information indicates that 18.5 percent of Missouri residents are over the age of 60 and seniors will comprise 25 percent of the state's population by 2020. Missouri ranks 12th nationally in the percent of population age 65 and over.
- Increasing cost of providing health care for elderly and persons with disabilities, particularly prescription drug costs. Pharmacy expenditures in the Medicaid Program have increased 280 percent from Fiscal Year 1993 to Fiscal Year 2001, with an average increase per year of 35 percent. The elderly and persons with disabilities use considerably more pharmacy prescriptions than other eligibility groups.
- Increasing health care costs in the Medicaid Program due to the rate of inflation for medical goods and services has consistently outpaced the rate of inflation for the economy as a whole.
- Increasing numbers of families transitioning off welfare. Declining TANF caseloads have led to more low-income working families who often do not obtain jobs that provide health insurance. Therefore, Missouri faces an increasing need to ensure access to health care for those moving from welfare to work.

In order to increase access to health care and address inflationary increases for health care services, the Governor's Fiscal Year 2001 budget includes:

- \$178.2 million to address the rising cost of prescriptions, caseload growth, and increased utilization of pharmacy prescriptions by elderly and persons with disabilities.
- \$68.2 million for the cost of caseload growth for the Fee-for-Service and Managed Care programs.
- \$15.1 million for continued growth in Fee-for-Service and Managed Care programs.
- \$19.6 million to fund one-time and ongoing costs for the Medicaid Management Information System (MMIS).
- \$17.5 million for a managed care trend factor to help improve the quality of care and access to health care.
- \$13.3 million to expand services through the 1115 Waiver for low-income children and families. This includes funds to address rising costs for pharmaceuticals for children and families receiving services through the 1115 Waiver.
- \$6.3 million for a two-percent rate increase for hospitals. Adequate reimbursement to providers is essential to ensure that providers will participate in the Medicaid Program.
- \$3.1 million redirected from the core budget to assist in bringing dental reimbursement rates closer to market rates. This funding is necessary to increase the number of participating providers and increase recipient access to needed dental services throughout the state. This continues the effort to increase dentists' reimbursement rates since their services are a critical component of providing health care services to the state's Medicaid population.

Following are some performance measures the Department of Social Services uses to evaluate the health care services provided to Medicaid recipients:

	FY 1997	FY 1998	FY 1999
Percentage of low-income children with health care coverage	82.8%	83.4%	N/A
Percentage of low-income adults with health care coverage	78.0%	77.1%	N/A
Percentage of pregnant women in Medicaid who receive	77.5%	77.5%	N/A
adequate prenatal care Percentage of children under 21 who receive appropriate preventative health care	54.0%	47.0%	N/A
screenings			

SUPPORTING WORK FIRST

Because of Missouri's exceptional job growth and the department's successful welfare reform efforts, many welfare recipients have achieved self sufficiency by moving into jobs and off of welfare dependence. The number of persons receiving welfare in Missouri has declined by over 130,000 individuals since 1993. This decline has allowed resources to be redirected to high priorities such as child protection services. Four years into Missouri's welfare reform efforts, the department now faces the additional challenge of continuing to provide essential support services to welfare recipients while at the same time curtailing TANF spending so program obligations do not exceed the availability of federal TANF block grant funds.

Receiving timely child support payments greatly improves a family's ability to defer entry into the welfare system. The Missouri Automated Child Support Collection System (MACSS) continues to improve the speed and accuracy of child support payment collection and disbursement. The MACSS system has dramatically improved the department's ability to collect child support payments due custodial parents and track down parents who refuse to take financial responsibility for their children. The department also implemented a centralized collection system for processing child support payments in Fiscal Year 2000. This system, required by both federal and state law, created a central location to receive and disburse most child support payments. This system will greatly simplify the child support collection process in Missouri enabling families to receive their support payments in an expedited fashion. For non-custodial parents unable to pay because of unemployment or under-employment, Missouri's Parent's Fair Share Program offers a means to gain the critical skills needed to succeed in the job market, while offering parents the ability to provide much needed financial and emotional support for their children. To ensure increased collections for Missouri's families, the Governor's Fiscal Year 2001 recommendations include:

- \$1.9 million for 44 staff to establish four special collection units to pursue hard-to-collect child support cases where the non-custodial parent owes current support and has the ability to pay, but has successfully evaded the obligation.
- \$745,864 to replace child support enforcement fees vetoed from the Fiscal Year 2000 budget because of the uncertainties associated with these fees.

Following are some performance measures the Department of Social Services uses to evaluate whether Missourians are achieving self sufficiency:



The Governor's budget includes an increase of \$2 million to continue efforts to battle juvenile crime, keep families safe in their communities, and assist youth in becoming conscientious citizens. The Department of Social Services helps delinquent youth become productive by providing community-based prevention and treatment programs through the Division of Youth Services (DYS). DYS has statutory responsibility to provide education and rehabilitative services to youth committed to its custody from the 45 circuit courts in Missouri. In Fiscal Year 2001, DYS will operate over 700 residential and contractual beds. The Governor supports these efforts by recommending:

- \$1.3 million to purchase contracted bed space for youth with serious mental health problems.
- \$536,900 to provide safety and security equipment at residential and day treatment programs.
- \$164,934 to continue funding 24.5 job slots for youth in DYS custody.

Following are some performance measures the Department of Social Services uses to evaluate Missouri's battle against juvenile crime:



ENHANCING SUPPORT FOR ELDERLY AND DISABLED CITIZENS

Governor Carnahan supports services to help seniors and adults with disabilities maintain their independence, autonomy, and safety. The goal of promoting independence and quality of life for the elderly and persons with disabilities continues to be a priority for the Governor. Demographic information indicates that 18.5 percent of Missouri residents are over the age of 60 and seniors will comprise 25 percent of the state's population by 2020. Missouri ranks 12th nationally in the percent of population age 65 and over. In the 1990's, 28 counties experienced gains of 5 percent or more for those aged 65-84; 42 counties saw their age 85+ population grow by more than 15 percent. Missouri's social and economic vitality is critically linked to this changing demographic picture. As the elderly population of Missouri increases, the number of elderly who are provided health care by the state's Medicaid Program will also increase. In addition, as the total population increases, the number of person's with disabilities accessing Medicaid will also rise. The increased number of persons receiving medical services through the state, coupled with the rising cost of health care, will result in a significant increase in health care costs provided by the state. The Governor's budget includes a \$34.4 million increase to:

- provide in-home services to seniors and persons with disabilities so that they can remain independent in their own homes;
- · provide support for the enhanced services of long-term care; and
- increase the agency's responsiveness to the complaints and issues of consumers.

In Fiscal Year 2001, the Governor recommends the following for enhancing support of elderly and disabled Missourians:

- \$22.7 million to provide enhancements for quality care in long-term care facilities. These funds will be used to increase nursing facility per diem rates based on the direct patient care cost component. Adequate reimbursement to providers is essential to ensure that providers will participate in the Medicaid Program.
- \$5 million for a two-percent rate increase for in-home service providers. Adequate reimbursement to providers is essential to ensure that providers will participate in the Medicaid Program.
- \$2.5 million for a new Aging in Place Program to enable elderly individuals to remain in their homes and communities as long as possible. This program will delay or avoid the need for institutional care by providing case management and in-home services. The Division of Aging will establish four Aging in Place pilot projects to provide a continuum of care for the elderly who need long-term care.
- \$1.4 million for 27 staff to support activities to improve the quality and types of care provided to seniors and disabled persons residing in nursing homes as required by the Nursing Home Initiative and SB 326 (1999).
- \$1.2 million to address the premium increase for Medicare Part A, and to pay all or part of the Medicare Part B premiums for individuals whose incomes are between 120 percent and 175 percent of the federal poverty level.
- \$500,000 to allow additional federal spending authority for the Area Agencies on Aging.
- \$304,980 for the cost-to-continue the Fiscal Year 2000 caseload growth in the Blind Pension Program.
- \$293,496 to increase blind pension payments by \$7.00 per month.
- \$187,145 for one staff to implement the requirements of HB 316 (1999) which created a Shared Care database of caregivers for seniors. The program provides for distribution of a provider bibliography and materials about caregiving, stress, and service delivery strategies.
- \$163,936 for three staff to assist in meeting federal and state requirements related to surveys and inspections of nursing facilities, intermediate care facilities, residential care facilities, and adult day care programs. Additional staff members are necessary to address the growth in the number of these types of facilities and the complexity of the investigations.
- \$100,000 to provide grants to medical schools and other organizations to develop courses and materials on elder abuse for inclusion in the preparatory education of physicians and nurses and the education of practicing health care professionals working in emergency rooms.
- \$60,759 for one coordinator to work with advocates for the elderly to design a statewide community long-term care advocacy program for persons receiving their care in the community. The program will work with community residents, in-home provider staff, family, friends, and concerned individuals to develop a process to solve issues in the home and community. The coordinator would also work with community volunteer ombudsmen.

Following are some performance measures the Department of Social Services uses to evaluate the health, safety, and independence of Missouri's elderly and disabled citizens:



DEPARTMENTAL ADMINISTRATION

ADMINISTRATIVE SERVICES

Departmental Administration includes the director, the director's staff, and the personnel and labor relations section. The director sets policy for the department and ensures implementation of its mandates. The personnel and labor relations section administers a personnel program and human resource management system to serve the department's employees.

The Division of Budget and Finance prepares the department's budget requests, financial reports, and all fiscal notes. Other responsibilities include maintenance of support mechanisms to ensure timely payments to clients, vendors and staff, and timely receipt and disposition of the department's revenues.

The Division of General Services provides a variety of services which support the operations of the department, including working with the Office of Administration to negotiate leases of rental property and all communications systems, providing necessary minor office renovations, operating a copy center, coordinating the inventory and distribution of office equipment and furniture, and processing requests for lease or purchase of equipment and services.

The Division of Legal Services is responsible for providing legal services for all of the divisions within the Department of Social Services, providing due process

hearings for recipient appeals, investigating fraud and abuse of public assistance programs, conducting background investigations on Department of Social Service employees prior to employment, designing and obtaining management reports on fraud collections, and ensuring compliance with United States Department of Agriculture and United States Department of Health and Human Services' requirements relating to discrimination complaints.

The Division of Data Processing is responsible for the development, maintenance, and operation of the department's data processing system. The division processes data on recipients and vendors, prints checks and vendor payments, and provides management reports to other divisions in the department.

Fiscal Year 2001 Governor's Recommendation

- \$6,735,000 federal authority for pass-through reimbursement to juvenile courts, schools, and other local entities for their share of the new federal grants for administration of IV-E cases.
- \$2,142,802 for one-time costs to upgrade the department's statewide data communications network to ensure the data necessary to process client applications in over 70 programs is made available in a timely basis, including \$1,221,397 general revenue. Timely data communications reduce processing time and thus will improve the efficiency and effectiveness of DSS staff.
- \$1,290,227 to complete implementation of the new integrated accounting, budgeting, procurement, and human resource information system (SAM II), including \$918.552 general revenue.
- \$582,959 for the Division of Data Processing to replace child support enforcement fees vetoed from the Fiscal Year 2000 budget due to the uncertainties associated with fee collection.
- \$321,559 for vehicle replacement.
- \$157,370 for two staff in the Division of Legal Services and network upgrades to achieve more efficiencies with existing staff, including \$94,422 general
 revenue. Staff will train local teams on child protection, campaign and publish injury/fatality prevention information, investigate child pornography, and
 provide prosecutorial support in child abuse cases.
- \$146,074 for the Division of Legal Services to replace child support enforcement fees vetoed from the Fiscal Year 2000 budget due to the uncertainties associated with fee collection.
- \$690,646 for pay plan, including \$456,511 general revenue.
- \$943,051 federal and other funds transferred from MACSS to the Division of Data Processing.
- \$765,946 for 16 staff from the State Technical Assistance Team transferred from the Division of Family Services to the Division of Legal Services, including \$233,150 general revenue.
- \$560,000 transferred to the Division of Data Processing, including \$260,124 general revenue.
- \$61,704 for one staff transferred from the Division of Youth Services to the Division of General Services.
- \$21,680 transferred from the Division of Youth Services to the Division of Data Processing.
- (\$875,624) for one-time expenditures in the support divisions, including (\$769,238) general revenue.
- (\$81,456) core reduction in support divisions redirected to a higher departmental priority, including (\$68,278) general revenue.
- (\$19,473) federal funds core reduction in support divisions due to federal budget cuts to the Social Service Block Grant.
- (\$5,000) federal funds transferred from miscellaneous federal programs to the Division of Youth Services.

OFFICE OF THE DIRECTOR

WORK FIRST

Changes made with federal welfare reform are numerous and cross department lines. The Temporary Assistance for Needy Families (TANF) block grant gives states flexibility to design assistance programs better suited to the needs of the individual state; however, it also imposes strict work requirements and time-limited benefits. The needs of TANF clients vary depending upon the community in which they live, therefore, no single approach to welfare reform can address these unique needs.

Fiscal Year 2001 Governor's Recommendation

• (\$19,315,000) federal funds core reduction in the Work First Pool to bring TANF spending in line with available revenues

DIVISION OF CHILD SUPPORT ENFORCEMENT

Administration - Missouri's Division of Child Support Enforcement (DCSE) locates missing parents; helps establish paternity, medical support, and financial child support obligations; and collects and disburses support payments both for TANF and for participating non-TANF families. The state retains approximately 33 percent of all child support collected on TANF cases. The division also supports development of the Missouri Automated Child Support System (MACSS) as required by the Family Support Act of 1988.

<u>Parents Fair Share</u> - This program provides work search assistance, education, and training services to non-custodial parents to increase their earning potential and ensure the payment of their child support obligations. This program was transferred from the Division of Family Services to allow utilization of the Division of Child Support Enforcement's expertise in assisting families who are no longer intact.

Privatization - This program supports contracts with private agencies to collect child support payments. The contractor is paid on a contingency basis.

<u>Local Agreements</u> - This funding supports contractual agreements with local governments to assist the division with paternity cases. Agreements also exist to assist the division with all types of child support referrals through the establishment of multi-county full service centers.

Reimbursement to Counties - This program provides reimbursement to counties which have signed a cooperative agreement with the Child Support Enforcement (CSE) Program. Child support collection and prosecution costs incurred by the counties are reimbursed by the federal government at a rate of 66 percent.

<u>Federal Reimbursement/Local Incentives</u> - This appropriation provides a mechanism for disbursing the federal and local share of TANF child support collections received by the CSE unit.

<u>State Tax Refund Distribution</u> - This appropriation provides a mechanism for reimbursing absent parents for child support payments over collected from garnisheed state tax returns.

- \$1,851,575 federal funds for 44 staff to establish four special collection units to pursue hard-to-collect child support cases.
- \$745,864 to replace child support enforcement fees vetoed from the Fiscal Year 2000 budget due to the uncertainties associated with fee collection.
- \$1,246,500 for pay plan, including \$185,346 general revenue.

- (\$2,637,000) core reduction in the Parent's Fair Share Program due to anticipated spending levels, including (\$637,000) general revenue.
- (\$943,051) federal and other funds transferred from the MACSS Program to the Division of Data Processing to help replace a shortfall in funds.
- (\$15,222) core redirected to higher departmental priorities, including (\$10,960) general revenue.

DIVISION OF FAMILY SERVICES

ADMINISTRATIVE AND STAFF SERVICES

Administrative Services provides management, coordination, and general direction to all Division of Family Services (DFS) programs. The division director and staff monitor the efficiency and effectiveness of income maintenance and children's services programs, develop the division's five-year plan, train supervisory and line staff, monitor contracts, review federal regulations, develop state regulations, and coordinate all fiscal reporting tasks for the division.

Staff Services consists of the day-to-day operation of all income maintenance and children's services programs administered by DFS. Funds in these sections support income maintenance and social service workers, administrative and supervisory staff, and clerical support positions in DFS county offices.

Fiscal Year 2001 Governor's Recommendations

- \$4,675,140 for an additional 120 social service workers to decrease the length of stay for children in foster care, expedite permanency for children placed in adoptive homes, and ensure the continued safety of children placed in the state's care, including \$3,182,519 in redirected general revenue.
- \$49,338 for one staff to perform alternative care background screenings, including \$33,409 general revenue.
- \$31,986 for one staff to work with the Department of Corrections to maximize federal revenues in their health care program, including \$15,992 general revenue.
- \$5,726,029 for pay plan, including \$2,826,067 general revenue.
- (\$996,236) for one-time expenditures, including (\$597,468) general revenue.
- (\$765,946) for (16) staff and associated expense and equipment transferred to the Division of Legal Services, including (\$233,150) general revenue.
- (\$560,000) transferred to the Division of Data Processing, including (\$260,124) general revenue.
- (\$443,678) federal funds core reduction in DFS Administration due to federal budget cuts in the Social Services Block Grant.
- (\$129,032) core redirected to higher departmental priorities, including (\$92,903) general revenue.

FUTURES SERVICES

Missouri operates the federal Job Opportunity and Basic Skills (JOBS) Program through the FUTURES Program. TANF recipients participate in the FUTURES Program to achieve self sufficiency through employment. FUTURES provides supportive services that enable TANF recipients to obtain and retain employment. The Division of Family Services has access to funds set aside to handle federal fiscal policy changes.

Fiscal Year 2001 Governor's Recommendations

• (\$10,753,395) federal funds core reduction in the FUTURES Program to bring TANF spending in line with available revenues.

FOOD STAMP EMPLOYMENT AND TRAINING PROGRAM

Under federal law, Missouri is required to operate an employment and training program for food stamp recipients. This program is the Missouri Employment and Training Program which provides food stamp recipients with an opportunity to become employed and self sufficient through participation in program components.

Fiscal Year 2001 Governor's Recommendations

Continue funding at current level.

INCOME MAINTENANCE

<u>Purchase of Child Care</u> - A key to successful welfare reform is access to affordable child care. Without child care assistance, many parents could not participate in job training, education, or maintain employment which would allow them to become self sufficient and end their dependence on government assistance. In the 1998 legislative session, the General Assembly passed HB 1519. This bill created the early childhood education fund to support programs that prepare pre-kindergarten children to enter school ready to learn. The Educare Program is another important piece of the child care program. It works within communities to increase a child's educational opportunities through enhanced services offered to providers and families to ensure that children will be ready to learn when they enter school.

Temporary Assistance for Needy Families (formerly Aid to Families With Dependent Children) - Temporary Assistance for Needy Families (TANF) is a program designed to provide assistance to families so parents are not dependent on welfare payments and children do not grow up in poverty. Under federal welfare reform in 1996, TANF was designed to be a temporary assistance which, coupled with a myriad of other support services, would enable parents to find and retain employment, thereby enabling them to support their families without government assistance. Missouri continues to implement new, innovative programs designed to meet the diverse needs of TANF recipients.

<u>Electronic Food Benefit Distribution</u> - Missouri has implemented electronic benefit transfer to discourage fraud and abuse associated with paper food stamps and to cut the administrative costs incurred operating the paper-based distribution system. Since cash disbursements from the federal government have replaced paper food stamps, the Department of Social Services must have authority to disburse these benefits.

Adult Supplementation - The federal government assumed responsibility for Old Age Assistance, Aid to the Permanently and Totally Disabled, and Aid to the Blind programs in January 1974 when it created the Supplemental Security Income (SSI) Program. Recipients who are eligible for SSI, but who receive smaller benefits than their December 1973 payments, receive payments from the state equal to the difference. Recipients who are not eligible for SSI, but who received payments under one of the earlier programs, receive payments from the state equal to the amount they received in December 1973. The caseload has been declining since 1973 as recipients die, become ineligible through income changes, or leave the state.

Nursing Care - This state-funded program makes monthly cash payments to residents of nursing and residential care homes who are eligible for Medicaid, but occupy a facility not certified for Medicaid, or who receive care in a Residential Care I or II facility. The type of facility appropriate for clients is to a great extent dictated by their level of need for care. Minimal medical care is provided in Residential Care I, more in Residential Care II, and significantly more in Intermediate Care. Supplemental Nursing Care recipients also are provided an allowance each month for personal needs such as toiletries, transportation, and hair care.

General Relief/Supplemental Security Income - General Relief provides assistance to needy and medically unemployable adults who do not qualify under any other assistance program (i.e., TANF or SSI). Recipients receive a small monthly payment which allows them to maintain their independence while receiving necessary medical treatment or rehabilitative services or pursuing a longer term solution for maintenance if the disability becomes long term. If a General Relief

recipient becomes eligible for SSI, Missouri is reimbursed for any General Relief payments paid to the individual while the claim was pending.

Blind Pension and Supplemental Aid to the Blind - Three separate programs assist blind persons. The first, Supplemental Aid to the Blind, pays benefits to those who meet certain income requirements. The second, Blind Pension, aids the blind who do not qualify for Supplemental Aid to the Blind and who do not own property -- excluding homes -- worth more than \$20,000. Currently, both programs provide a maximum monthly grant of \$398 unless the claimant qualifies for a higher payment by residing in a licensed nursing home. The third program, Adult Supplemental Payments, aids those who received state assistance before the federal SSI Program began in 1974, but who receive less from SSI than from the earlier program. New cases that meet the state's 1973 guidelines also may be certified for assistance. All of these programs are funded from an earmarked state property tax that provides revenue to the blind pension fund.

Fiscal Year 2001 Governor's Recommendations

- \$2,320,000 other funds for start-up and expansion grants for early childhood care and education programs in cooperation with the Department of Elementary and Secondary Education.
- \$1,070,000 other funds for additional certificates for low-income, at-home parents to allow them access to early childhood educational activities.
- \$1,070,000 other funds to expand the Early Head Start Program.
- \$1,070,000 other funds for enhanced rates for accredited child care facilities.
- \$504,000 for a two-percent rate increase in the Supplemental Nursing Program.
- \$304,980 other funds for cost-to-continue the Fiscal Year 2000 caseload growth in the Blind Pension Program.
- \$298,152 other funds to continue a rate increase to providers caring for high percentages of children in families receiving subsidized child care.
- \$293,496 other funds to increase blind pension grant amounts by \$7.00 per month.
- (\$250,000,000) federal funds core reduction in the Electronic Benefit Transfer Program. These funds no longer need to be passed through the state budget.
- (\$4,000,000) core redirected from cash assistance to Children's Services to enable the hiring of more social service workers to improve outcomes for children
- (\$500,000) core reduction in the Supplemental Nursing Program to reflect anticipated spending.
- (\$60,000) core reduction to reflect the anticipated caseload decline in the Adult Supplementation Program.



COMMUNITY SERVICES BLOCK GRANT, EMERGENCY SHELTER GRANTS, HOMELESS FUNDING, AND REFUGEE ASSISTANCE

Community Services Block Grant (CSBG) funds are used to strike at six causes of poverty: unemployment, inadequate education, malnutrition, inadequate housing, unmet emergency needs, and poor use of income. Federal statutes require that 90 percent of CSBG funding be passed through to Community Action Agencies. The Emergency Shelter Grants Program provides grants to local governments to be used for renovation or conversion of buildings for emergency shelters and to help meet the cost of emergency shelter operations. Homeless Challenge Grants offer local communities matching funds to establish programs to combat homelessness. The Refugee Assistance Program provides services to help refugees overcome language barriers, acquire or adapt vocational skills, and adjust to their new environment.

Fiscal Year 2001 Governor's Recommendations

• \$242,405 increased federal authority for the Refugee Assistance Program.

SURPLUS FOOD DISTRIBUTION

The federally-funded Surplus Food Distribution Program enables DFS to store, ship, and distribute processed surplus commodity food to eligible individuals, families, charitable institutions, and organizations.

Fiscal Year 2001 Governor's Recommendations

Continue funding at current level.

ENERGY ASSISTANCE

The Low-Income Home Energy Assistance Program (LIHEAP) is a federally-funded block grant which provides heating assistance payments, crisis assistance, and weatherization services to low-income households.

Fiscal Year 2001 Governor's Recommendations

• (\$1,000,000) core reduction in the LIHEAP program due to additional federal revenues.

SERVICES FOR THE BLIND

Professional staff in Rehabilitation Services for the Blind counsel and train blind and other visually impaired Missourians, arrange for the purchase of other services, and help the blind find jobs. Services include rehabilitation, vocational rehabilitation, diagnosis and treatment of eye disease, equipment and supplies for blind preschool children, the Public Building Vending Program, and the Readers for the Blind Program.

Fiscal Year 2001 Governor's Recommendations

Continue funding at current level.

CHILDREN'S PROGRAMS

Children's Treatment Services, Child Abuse and Neglect Grant, and Intensive In-Home Services - This program provides intensive family-centered services to child abuse victims and their parents. Specific services include family therapy, homemaker services, respite care, parent aides, child care, crisis nursery services, and incentive subsidies to encourage local units of government to develop community programs to combat child abuse and neglect. The Family Reunification Program provides home-based services aimed at reuniting children with their families. The Family Preservation Program provides intensive, inhome services to help prevent placement of children in foster care and keep children with their families.

Foster Care, Children's Account, and Adoption Subsidy - This program provides monthly room and board payments for children in the custody and care of DFS.

Current room and board rates for age groups are as follows: 0-5 years, \$216; 6-12 years, \$262; and 13 and over, \$292. Payments also are made for non-Medicaid medical and dental services, clothing, transportation, foster parent training, and other needs. Children in state custody may receive funds from a variety of sources, including SSI and child support payments. These monies are used to offset the cost of maintaining the child in foster care and to pay for any special expenses of the child. The Adoption Subsidy Program provides financial assistance to parents who adopt special needs children.

<u>Children's Programs Pool</u> - In the Fiscal Year 1992 budget, a separate pool appropriation was developed for services for children and families. Each line item for the following children's programs was reduced by ten percent to create a children's programs pool: Children's Treatment Services, Family Preservation, Foster Care, Adoption Subsidy, and Independent Living. This pooled appropriation allows flexible spending within these children's service areas.

Residential Treatment, Independent Living, and IV-E Court Contracts - Residential facilities are used when foster care cannot meet the children's treatment needs. The division contracts with a wide range of treatment programs ranging from small group homes to large self-contained resident campuses. Facilities must be licensed and meet the division's standards for alternative care. Transitional/Independent Living programs assist foster care children, ages 15 to 21, in learning the necessary skills for the transition from foster care to adult independent living in the community. IV-E Contracts allow the Division of Family Services to pass through federal funds to be used for reimbursement of counties for children placed in the custody of the juvenile court and who are placed in juvenile court residential facilities.

<u>Psychiatric Diversion</u> - This program's primary purpose is to keep children out of expensive inpatient psychiatric hospitals, while providing them with the necessary services to help them deal with their severe behavioral and emotional problems.

<u>Caring Communities</u> - The Departments of Social Services, Mental Health, Health, Elementary and Secondary Education, Labor and Industrial Relations, Corrections, and Economic Development have joined in a collaboration designed to improve the current human services delivery system. By working at the community level, programs are designed to fit the unique needs of each separate community, utilizing a school-based approach to delivering services. Each Caring Communities site is responsible for achieving core goals aimed at assuring that parents are employed and that children grow up healthy, safe, and prepared to enter productive adulthood.

<u>Domestic Violence</u> - This program provides grants to local communities for family violence shelters or services. Grants may be used for emergency shelters, counseling, and education services for families in community-based shelters.

Fiscal Year 2001 Governor's Recommendations

- \$8,980,593 for increased costs associated with 7,058 children currently receiving adoption subsidy and for caseload growth of an additional 1,400 children, including \$6,825,251 general revenue.
- \$3,665,982 cost-to-continue in the Adoption Subsidy Program due to caseload growth, including \$2,786,146 general revenue.
- \$3,219,473 for rate increases for Foster Care, Adoption Subsidy/Guardianship, and Residential Treatment programs, including \$1,884,965 general revenue.
- \$2,257,043 for increased costs in foster care associated with 10,060 children and for a caseload growth of an additional 68 children, including \$1,406,364 general revenue.
- \$1,300,000 federal funds for the Independent Living Program.
- \$17,900 for pay plan.
- \$498,000 transferred from the Division of Medical Services' Administration, including \$197,009 general revenue.
- (\$5,179,534) core redirection due to savings realized through implementing a Medicaid waiver in residential treatment, psychiatric diversion, and foster care, with a corresponding core increase of \$5,179,534 federal funds.
- (\$51,801) federal funds core reduction in the Residential Treatment and Children's Treatment Service programs due to federal budget cuts in the Social Services Block Grant.
- (\$45,930) for one-time expenditures, including (\$22,965) general revenue.



DIVISION OF YOUTH SERVICES

The Division of Youth Services (DYS) is divided into three functional areas: management and development, residential services, and alternative services.

Management and Development is the central administrative unit with overall responsibility for designing, implementing, managing, and evaluating all programs operated by the division. Five regional offices supplement the efforts of central office staff and assure program efficiency and effectiveness at the local level.

Residential Services provides youthful offenders with structured rehabilitation programs when placement at home is no longer an option. Educational services, a component of this program area, provides academic and vocational education to youth in residential placement. The division has six secure facilities: Northwest Regional Youth Center in Jackson County; Hogan Street Youth Center in St. Louis City; Fulton Treatment Center in Callaway County; Mount Vernon Treatment Center in Lawrence County; Hillsboro Treatment Center in Jefferson County; and St. Joseph Treatment Center in Buchanan County. The division also operates 17 moderately secure facilities and 6 community-based facilities.

Alternative Services helps youthful offenders adjust to acceptable norms of behavior. The division provides several types of alternative services: case management and classification; community care which includes day treatment, intensive supervision, and alternative living; aftercare; and the Juvenile Court Diversion Program. Case management and classification involves evaluating youths' needs before they are assigned to one of the division's programs and managing their service delivery plan during their entire length of stay with the division. Primary care involves treatment of youth in the community without the youth being placed in a DYS facility. Alternative living purchased by the division includes foster care and proctor care for juveniles who cannot return to their facility. Day treatment programs provide intensive treatment services for youth who continue to live at home. Intensive supervision provides tracking and mentoring to youth in the community. Aftercare is the provision of counseling and other services to help juveniles return to their families and communities when released from one of the division's facilities. Finally, the Juvenile Court Diversion Program encourages local communities to develop programs to divert youth from commitment to DYS.

- \$1,335,900 federal funds to purchase contracted bed space for youth with serious mental health problems.
- \$536,900 other funds to provide safety and security equipment at residential and day treatment programs.
- \$164,934 other funds to continue funding for 24.5 job slots due to expire through loss of Narcotics Control Assistance Program funding.
- \$4,296 for a foster care rate increase.
- \$1,531,088 for pay plan, including \$1,378,798 general revenue.
- · Ten staff to provide security services at the Hogan Street and Missouri Hills facilities with existing funds.
- \$5,000 federal funds transferred to the Division of Youth Services to cover additional funding available from the Department of Elementary and Secondary

Education for special education.

- (\$2,875,734) federal funds core reduction in the Juvenile Court Diversion Program and treatment services due to federal budget cuts in the Social Services Block Grant.
- (\$99,568) for one-time expenditures, including (\$65,096) general revenue.
- (\$90,700) transferred to leasing.
- (\$61,704) and (one) staff transferred from youth treatment programs to the Division of General Services.
- (\$21,680) transferred from youth treatment programs to the Division of Data Processing.
- (\$17,648) core redirected to higher departmental priorities, including (\$12,707) general revenue.

DIVISION OF MEDICAL SERVICES

FINANCIAL SUMMARY



ADMINISTRATIVE SERVICES

Medical Services staff oversee the operation of the Medicaid and State Medical programs. Responsibilities include provider reimbursement; provider enrollment and relations; monitoring changes in the health care professions and their payment structures; maintaining liaison with federal agencies involved in medical services; developing policies and procedures for the operation of the program; and developing new, innovative methods of controlling health care costs through managed care plans, alternative care programs, and third party liability collections.

Fiscal Year 2001 Governor's Recommendations

- \$19,601,194 to fund one-time and ongoing costs for the Medicaid Management Information System (MMIS), including \$3,087,188 general revenue.
- \$470,292 for four staff in third party liability collections and eight staff in pharmacy to implement cost saving initiatives, including \$141,359 general revenue.
- \$121,053 for the enrollment costs of switching eligibles from Fee-for-Service to Managed Care in the five new counties in the eastern region, including \$60,526 general revenue.
- \$310,436 for pay plan, including \$129,920 general revenue.
- (\$1,372,200) core reduction in division administration resulting from additional third party collections, with a corresponding increase of \$1,372,200 other funds.
- (\$498,000) core reduction for transfer of the Home Visitation Program to Children Treatment Services, including (\$197,009) general revenue.
- (\$60,000) one-time expenditures of the drug administration pilot project, including (\$30,000) general revenue.
- (\$24,570) core reduction redirected to a higher departmental priority, including (\$17,690) general revenue.

MEDICAID VENDOR PAYMENTS AND MANAGED CARE

The Medicaid Program (Title XIX of the Social Security Act) is a federal-state effort to pay the health care of those who cannot pay for their own care. Federal law sets the minimum provisions for any state that opts to administer a Medicaid Program. These include hospital, physician, laboratory, skilled nursing home care, home health care, and family planning services. Other allowable optional services in Missouri's Medicaid Program are prescription drugs, clinic services, ambulance, adult day care, personal care services, homemaker and chore services, durable medical equipment, psychiatric services, rehabilitation services, long-term care, hospice, dental, and case management. The program also pays for Medicare premiums for eligible individuals.

The 1115 Waiver is a federal-state effort to pay for health care of uninsured children up to 300 percent of poverty and uninsured working parents up to 100 percent of poverty. All adults receiving Medicaid as a result of this waiver will receive a commercial package of services equivalent to that offered to State of Missouri employees. Children will receive a package equal to Medicaid coverage without non-emergency transportation.

The State Medical Program allows General Relief, child welfare services, and Blind Pension recipients who are not eligible for the federal Medicaid Program to receive necessary non-institutional, nursing facility, and hospital medical care.

MEDICAID EXPENDITURES
SELECTED SERVICES AND ANNUAL TOTALS
(Millions of Dollars)





- \$177,104,802 to address the rising cost of prescriptions, caseload growth, and increased utilization of pharmacy prescriptions by the elderly and persons with disabilities, including \$54,878,450 general revenue.
- \$68,152,853 for cost of caseload growth for the division's Fee-for-Service and Managed Care programs, including \$26,647,765 general revenue.
- \$42,175,927 federal funds for anticipated increases in mental health expenditures.
- \$22,711,870 federal and other funds to provide enhancements for quality care in long-term care facilities. These funds will be used to increase nursing facility per diem rates based on the direct care cost component.
- \$17,496,972 for a managed care trend factor to help improve quality of care and access to health care, including \$6,528,667 general revenue.
- \$15,096,365 as a cost of continued business for the division's Fee-for-Service and Managed Care programs, including \$5,902,679 general revenue.
- \$13,258,172 to expand services through the 1115 Waiver for low-income children and families, including \$3,837,574 general revenue. This includes funds to address rising costs for pharmaceuticals for children and families receiving services through the 1115 Waiver.
- \$7,008,692 as an adjustment to address the change in the federal financial participation percentage, including \$1,083,295 general revenue.
- \$6,784,814 for child welfare service eligibles in the 1115 Waiver, including a core redirect of \$1,899,748 general revenue.
- \$6,337,743 for a two-percent rate increase for hospitals, including \$2,376,255 general revenue.
- \$5,170,061 to continue the Fiscal Year 2000 managed care trend factor, including \$1,929,112 general revenue.
- \$4,556,941 for a two-percent rate increase for in-home service providers, including \$1,781,764 general revenue.
- \$4,000,000 for a revenue maximization effort for long-term care facilities, including \$1,600,000 general revenue.
- \$3,105,573 to increase the reimbursement for certain dental procedures to bring dental reimbursement closer to the usual and customary payment rate,

including \$1,190,053 general revenue.

- \$2,527,806 to create a new program, Aging In Place, that will enable elderly to remain in their homes and communities as long as possible, including \$988,372 general revenue. This program will delay or avoid the need for institutional care by providing case management and in-home services. The division will establish four Aging in Place pilot projects to provide a continuum of care for the elderly who need long-term care.
- \$1,514,154 to pay the Medicaid supplemental pool's residual claims incurred by the Fee-for-Service population before converting to the MC+ Program, including \$592,034 general revenue.
- \$1,183,562 to fund rate increases for ophthalmologists, non-emergency transportation, and healthy children and youth in-home providers, including \$508,364 general revenue.
- \$1,181,589 to address the premium increase for Medicare Part A and Part B, including \$426,186 general revenue.
- \$800,000 for Division of Youth Services eligibles, including a core redirect of \$312,800 general revenue.
- (\$157,283,799) federal and other funds core reduction to reflect actual spending.
- (\$37,870,536) core reduction in the Medicaid pharmacy program due to efficiencies obtained through administrative edits, prior authorizing more costly and most frequently overused drugs, reducing payments made to large pharmaceutical chains and by placing maximum limits on the amount the state will pay for generic drugs, including (\$14,893,040) general revenue.
- (\$33,174,365) core reduction in various lines of Medicaid due to TANF caseload reduction, including (\$12,971,176) general revenue.
- (\$13,515,311) core reduction resulting from change in federal financial participation percentage, including (\$12,401,977) general revenue.
- (\$9,048,488) core reduction due to nursing facility recipients' cost-of-living income increases and other reductions, including (\$3,512,713) general revenue.
- (\$6,680,000) core reduction in the supplemental pool with a corresponding increase of \$6,680,000 other funds.
- (\$3,300,000) core reduction in hospitals to reflect actual spending in the program, including (\$2,300,000) general revenue.
- (\$3,000,000) core reduction in dental services to reflect actual spending in the program, including (\$1,200,000) general revenue.
- (\$2,527,806) core reduction in nursing homes due to cost avoidance of implementing the four Aging In Place pilot projects, including (\$988,372) general revenue.
- (\$2,018,264) core reduction in rehabilitation and specialty services program to reflect actual spending, including (\$1,209,132) general revenue.
- (\$1,955,396) redirected to the Department of Elementary and Secondary Education for the Consumer Personal Directed Care Attendant Program, including (\$764,559) general revenue.
- (\$1,600,000) core reduction in nursing facilities due to federal revenue maximization efforts.
- (\$991,000) core reduction of the Telephone Reassurance Program, including (\$391,000) general revenue.
- (\$609,661) core reduction in Fee-for-Service programs due to managed care savings, including (\$235,164) general revenue.
- (\$500,000) one-time expenditures for the traveling dentist pilot project, including (\$200,000) general revenue.
- (\$300,000) federal and other funds one-time expenditures for the anti-fraud pilot project.
- (\$67,410) federal and other funds one-time expenditures for residual Fee-for-Service claims.

STATE MEDICAL



Fiscal Year 2001 Governor's Recommendations

- \$1,129,577 to address the rising cost of pharmacy ingredients.
- \$100,027 for a two-percent rate increase for in-home service providers.
- \$76,006 for a two-percent rate increase for hospitals.
- (\$2,273,839) core reduction for transferring adoption subsidy and foster children to the 1115 Waiver Program.
- (\$800,000) core reduction transferring Division of Youth Services eligibles' inpatient hospitalization costs to the Fee-for-Service hospital core.
- (\$500,000) core reduction in the State Medical Program to reflect actual spending.

DIVISION OF AGING

FINANCIAL SUMMARY



ADMINISTRATIVE AND SUPPORT SERVICES

Administrative and Support Services staff oversee all Division of Aging activities to ensure that a comprehensive, effective, and coordinated service delivery system is available for Missouri's elderly.



Fiscal Year 2001 Governor's Recommendations

- \$42,361 for pay plan, including \$20,009 general revenue.
- (\$21,212) core reduction redirected to a higher departmental priority, including (\$14,488) general revenue.

HOME AND COMMUNITY SERVICES PERSONNEL

Home and Community Services Personnel provides direct care and contracted services to Missouri's elderly. Case management, counseling, information and referral, congregate and home-delivered meals, transportation, and abuse prevention/protection services enable thousands of elderly residents to live dignified, independent lives.



- \$187,145 for one staff to implement the requirements of HB 316 (1999) which created a Shared Care database of caregivers for seniors. The program provides for distribution of a provider bibliography and material about care giving, stress, and service delivery strategies.
- \$100,000 to provide grants to medical schools and other organizations to develop courses and materials on elder abuse for inclusion in the preparatory

education of physicians and nurses, and the education of practicing health care professionals working in emergency rooms.

- \$60,759 for one coordinator to work with advocates for the elderly to design a statewide community long-term care advocacy program for persons receiving care in the community, including \$39,517 general revenue.
- \$531,291 for pay plan, including \$290,602 general revenue.
- (\$57,862) federal funds core reduction due to federal budget cuts to the Social Service Block Grant.
- (\$2,802) core reduction redirected to a higher departmental priority.

INSTITUTIONAL SERVICES

Institutional Services programs help to ensure quality care for all citizens in nursing facilities and residential care facilities through on-site inspections of facilities and patient care. When deficiencies are observed, a revisit must be conducted by division inspectors within 55 days. Inspections also are conducted in conjunction with Medicaid and Medicare certification and in response to complaints of abuse, neglect, or substandard care. The ICF/MR facility inspection section inspects intermediate care facilities treating the mentally retarded to ensure compliance with state and federal regulations.



Fiscal Year 2001 Governor's Recommendations

- \$1,357,001 federal and other funds for 27 staff to support activities to improve the quality and types of care provided to seniors and adult disabled persons in nursing homes as set forth in SB 326 (1999) and federally mandated nursing home initiatives.
- \$163,936 federal and other funds for three staff to meet federal and state requirements related to surveys and inspections of nursing facilities, intermediate care facilities, residential care facilities, and adult day care programs.
- \$374,950 for pay plan, including \$149,606 general revenue.
- (\$74,045) for one-time equipment for the minimum data set and equipment and furniture purchases for complaint investigations staff, including (\$25,890) general revenue.

HOME AND COMMUNITY SERVICES PROGRAMS



Fiscal Year 2001 Governor's Recommendations

- \$362,802 for a two-percent rate increase for in-home service providers.
- (\$250,000) one-time expenditures for adult day care start up grants.
- (\$66,979) federal funds core reduction in In-Home Services due to federal budget cuts to the Social Services Block Grant.

HOME AND COMMUNITY SERVICES GRANTS



Fiscal Year 2001 Governor's Recommendations

- \$500,000 federal funds to allow additional federal spending authority for the Area Agencies on Aging.
- (\$250,000) one-time expenditures for kitchen equipment.
- (\$27,841) federal funds core reduction in Alternative Services due to federal budget cuts to the Social Service Block Grant.

AREA AGENCIES FOR AGING (AAA) GRANTS



Fiscal Year 2001 Governor's Recommendations

• (\$370,000) one-time expenditures for challenge transportation grants, including (\$185,000) general revenue.



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FY 2001 EXECUTIVE BUDGET

DEPARTMENT BUDGETS TRANSPORTATION

FINANCIAL SUMMARY



POLICY SUMMARY

The Governor's Fiscal Year 2001 budget recommendations for the Department of Transportation provide \$1,433,302,467 for highway construction and maintenance, transportation programs, and related administrative activities. The budget combines state, federal, and local funds to support the state's 32,311 miles of highways, urban and rural public transit systems, transportation programs for elderly and people with disabilities, public airports, port authorities, passenger rail, and freight rail rehabilitation projects.

Highway System Preservation and Enhancement

Missouri serves as a crossroads for national and international traffic due to its central location. Effective movement of people and goods through the state results in considerable economic benefits for Missourians. The state is responsible for maintaining the sixth largest road and bridge network in the United States. Preservation of the existing system of roads and bridges requires a significant, ongoing investment of funds.

Following are some performance measures the Department of Transportation uses to evaluate its goal of preserving and improving Missouri's transportation system to enhance safety and encourage prosperity.



Enhancing Non-Highway Transportation Modes

<u>Passenger Rail Service</u> - Amtrak rail passenger service provides a transportation alternative to driving for over 200,000 passengers annually. This service is available to all Missourians, but is of particular importance to individuals who are unable to drive due to physical limitations or because they do not own a vehicle.

• Governor Carnahan recommends \$25,000 for improvements and repairs to the LaPlata Amtrak Station.

<u>Aviation Assistance</u> - The department provides matching grants for airport capital improvement projects to assist Missouri communities. Grants are used to maintain runways, taxiways and aprons; and for emergency repairs on safety-related equipment. State assistance helps ensure the flying public has access to safe, well-equipped, all-weather airports.

• The Governor recommends \$1,000,000 for the federal Airport Improvement Program.

<u>Port Authority Assistance</u> - Missouri assists port authorities through matching grants. The ports promote economic development through employment and shipment of goods throughout the country.

• The Governor recommends \$6,099,109 for port authority capital improvement grants. The grants will be provided through the Department of Transportation, but funding is included in the Capital Improvements section of the Missouri Budget.

Following are some performance measures the Department of Transportation uses to evaluate its goal of preserving and improving Missouri's non-highway transportation system to enhance safety and encourage prosperity.



HIGHWAY ADMINISTRATION

This section includes divisions that support the activities of the Highways and Transportation Commission, as well as the central functions of highway planning, design, right-of-way acquisition, finance, and district engineer activities.

Fiscal Year 2001 Governor's Recommendations

- \$314,642 state highways and transportation department fund for expense and equipment.
- \$842,737 state highways and transportation department fund for pay plan.

FRINGE BENEFITS

This section includes the costs of providing retirement benefits, medical and life insurance, and workers' compensation for all Department of Transportation employees that are members of the Highway Employees and Highway Patrol Retirement System.

Fiscal Year 2001 Governor's Recommendations

• \$6,070,544 for fringe benefits, including \$27,028 general revenue.

SERVICE OPERATIONS

This program consists of the General Services and Information Systems Divisions. General Services provides fleet and facilities management, graphic services, procurement, and other special services. Information Systems provides support for information technology, networks, and systems.

Fiscal Year 2001 Governor's Recommendations

- \$1,953,146 state road fund for expense and equipment.
- \$571,523 state highways and transportation department fund for pay plan.

HIGHWAY MAINTENANCE

This program provides for necessary maintenance of the state road system through road and shoulder rehabilitation, bridge repair and maintenance, snow and ice removal, and mowing, among other activities.

Fiscal Year 2001 Governor's Recommendations

- \$4,712,790 state road fund for expense and equipment.
- \$4,002,274 state highways and transportation department fund for pay plan.



HIGHWAY CONSTRUCTION

This program includes activities such as land acquisition, letting of contracts for road and bridge construction, construction monitoring, and transportation enhancement activities.

Fiscal Year 2001 Governor's Recommendations

- \$2,706,454 state road fund for expense and equipment.
- \$2,595,798 state highways and transportation department fund for pay plan.
- (\$9,968,855) state road fund core reduction from the Fiscal Year 2000 appropriation level.



MISSISSIPPI RIVER PARKWAY COMMISSION

The Mississippi River Parkway Commission (MRPC) is a local component of the national MRPC established by Congress in the Federal Aid Highway Act of 1954. The MRPC's primary function is to promote the Great River Road which extends along the Mississippi River from the Trans-Canadian Highway to the Gulf of Mexico. Signs along the highway identify lakes, streams, bridges, historical sites, unusual or beautiful land formations, and legendary areas.

Fiscal Year 2001 Governor's Recommendations

Continue funding at the current level.

MULTIMODAL OPERATIONS AND PROGRAMS

FINANCIAL SUMMARY



The director for Multimodal Operations, supported by professional and accounting staff, is responsible for overseeing the performance of duties in the areas of transit, railroads, aviation, and waterways.

The transit section is responsible for evaluation and coordination of local applications for transit assistance, assessment of statewide transit needs, completion of local transit development studies, negotiation of service contracts for elderly and handicapped transportation, and monitoring of all contracts for compliance. In addition, the section provides training and technical assistance to special and general transportation providers as specified under the transit provisions in Chapter 53 of Title 49, United States

The railroad section's duties include planning, promotion, and development of improved rail freight and passenger service in and through Missouri and retention of existing rail service. These measures are necessary to ensure that the rail industry remains a viable and useful component in the nation's and the state's economy.

The aviation section is responsible for maintaining the state airport systems plan, which is updated annually through on-site inspections. Aviation staff also provide administrative and engineering assistance to local governments to secure available federal grants and successfully implement airport improvement plans.

Waterways personnel assist local port authorities in the promotion of waterborne transportation through the provision of technical assistance and planning grants that the port authorities utilize for managerial, engineering, legal, research, planning, promotional, and other related expenses.

Fiscal Year 2001 Governor's Recommendations

- \$40,032 for pay plan, including \$22,362 general revenue
- \$838,000 state transportation assistance revolving fund for loans to public entities for planning, development, and construction of transportation facilities.
- \$5,789 to reimburse the state road fund for support provided to Multimodal Operations, including \$2,000 general revenue.

CAPITAL ASSISTANCE FOR TRANSPORTATION OF ELDERLY AND DISABLED PERSONS

Section 5310 provides capital assistance to local not-for-profit transportation providers and public entities serving the elderly and people with disabilities. These grants require a 20 percent local match for bus, van, and related equipment purchases. The department's transit section evaluates applications from local providers and executes contracts in accordance with federal guidelines. Vehicles secured through the program are monitored by the transit section on a monthly basis with respect to the type and extent of use.

Fiscal Year 2001 Governor's Recommendations

Continue funding at the current level.

STATE AID FOR TRANSPORTATION OF ELDERLY, DISABLED, AND LOW-INCOME CITIZENS

The Missouri Elderly and Handicapped Transportation Assistance Program provides state financial assistance to help defray operating costs incurred by not-for-profit transporters of the elderly and people with disabilities. State funds are used to supplement local, private, and federal funds available to these transit operators.

Fiscal Year 2001 Governor's Recommendations

Continue funding at the current level.

URBAN TRANSIT GRANTS

Section 5307 provides capital assistance and operating subsidies for public transportation systems in cities of 50,000 to 200,000 population. The cities of Columbia, Springfield, St. Joseph, and Joplin are eligible for grants under this program. Funds may be used to pay up to 80 percent of eligible capital expenses such as vehicle and equipment purchases, as well as to offset up to 50 percent of operating losses. The department's transit section is responsible for certification of local transit planning processes, processing applications for assistance, and monitoring funds under contract in this program.

Fiscal Year 2001 Governor's Recommendations

Continue funding at the current level.

SMALL URBAN AND RURAL TRANSPORTATION DEVELOPMENT

Federal funds authorized under Section 5311 may be used to assist small urban and rural areas under 50,000 population to acquire capital equipment and finance the operation of public transit programs. An 80 percent federal match is available for capital acquisitions, while a 50 percent federal match is available for operating losses and administrative expenses.

Fiscal Year 2001 Governor's Recommendations

Continue funding at the current level.

PUBLIC TRANSIT CAPITAL GRANTS

Section 5309 provides federal financial assistance for the purchase of capital items. This program is purely discretionary in nature. The Federal Transit Administrator approves all grant applications and establishes the match ratio. Applicants are responsible for providing the local share.

Fiscal Year 2001 Governor's Recommendations

Continue funding at the current level.

PLANNING GRANTS

Section 5303 provides federal financial assistance for metropolitan transit planning activities in six metropolitan areas - St. Louis, Kansas City, Springfield, Columbia, St. Joseph, and Joplin. Each metropolitan area is required to provide a 20 percent local share to match the 80 percent federal share. This program supports demographic forecasting, corridor studies, transit service analysis, route and schedule evaluation, financial capacity analysis, special needs investigations, and transit management studies

Fiscal Year 2001 Governor's Recommendations

Continue funding at the current level.

LOCAL RAIL FREIGHT ASSISTANCE PROGRAM

Federal financial assistance is provided for acquisition, rehabilitation, improvement, or rail facility construction assistance through Section 5 of the Department of Transportation Act.

Continue funding at the current level.

STATE AMTRAK ASSISTANCE/AMTRAK STATION IMPROVEMENTS AND ADVERTISING

Missouri participates in the federal Amtrak program, which requires the state to pay a portion of the operating losses for the "St. Louis - Kansas City Mule" and "Ann Rutledge" train service. Program costs depend upon revenues received from ridership and actual operating costs. The state also provides funding for an Amtrak advertising and station improvement program.

Fiscal Year 2001 Governor's Recommendations

- \$25,000 for station repairs at the LaPlata Amtrak station.
- \$485,000 transferred from port authority capital improvement grants.
- (\$535,000) core reduction from the Fiscal Year 2000 appropriation level, including (\$50,000) general revenue.

STATE AID TO AIRPORTS/FEDERAL AVIATION ASSISTANCE

Section 305.230 RSMo provides for an aviation trust fund to be used for providing matching grants to public airports for capital improvements; preventive maintenance of runways, taxiways, and aprons; and for emergency repairs on safety-related items. Aviation trust fund moneys may also be used for the printing and distribution of state aeronautical charts and state airport directories.

State grants and local contributions are used to match federal funds on a 50/50 (state/local) matching basis. Priority for the allocation of state grants is given to applicants that have projects with the best chance for federal grant funding. Federal funds are provided to local airports on a 90/10 (federal/local) matching basis.

Fiscal Year 2001 Governor's Recommendations

• \$1,000,000 federal funds for airport capital improvement grants.

STATE AID TO PORT AUTHORITIES

State aid is available to local port authorities for administration, planning, and development activities such as financial and engineering studies. Port authorities currently active and receiving assistance are the Howard/Cooper County Regional Port Authority, Jefferson County Port Authority, Pemiscot County Port Authority, Southeast Missouri Regional Port Authority, Mississippi County Port Authority, New Madrid County Port Authority, New Bourbon Port Authority, St. Joseph Regional Port Authority, Lewis County-Canton Missouri Port Authority, and the Ports of Kansas City, St. Louis, and St. Louis City.

Fiscal Year 2001 Governor's Recommendations

- \$6,099,109 for port authority capital improvement grants. The grants will be provided through the Department of Transportation, but funding is included in the Capital Improvements section of the Missouri Budget.
- (\$1,115,000) core reduction for one-time expenditures.
- (\$485,000) transferred to the Amtrak program.

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